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Arizona Corporation Commission OCUMENT CONTROL
1200 West Washington Street
Phoenix, Arizona 85007

DOCKET NO. 1 T-03838A-00-0097

RE: Application of American MetroComm Long Distance Corp. for a Certificate of Convenience and Necessity to Provide Local Competitive Services within the State of Arizona

Dear Sir/Madam:

Enclosed for filing are the original and ten (10) copies of the above-referenced application of American MetroComm Long Distance Corp. for a Certificate of Convenience and Necessity to Provide Local Competitive Services within Arizona.

Please acknowledge receipt of this filing by date stamping the extra copy of this cover letter and returning it in the self-addressed, stamped envelope enclosed for this purpose.

Questions regarding this filing may be directed to me at (407) 740-8575.

Sincerely,

Thomas M. Forte

Consultant to American MetroComm Long Distance Corp.

Enclosures

TF/ks

cc:

Gary Skeen, American MetroComm

file:

American Metro - AZ Local

tms:

AZ10000

NEW APPLICATION

BEFORE THE ARIZONA CORPORATION COMMISSION

Jim IrvineChairmanRenz D. JenningsCommissionerCarl J. KunasekCommissioner

DOCKET NO. T = 0 3 8 3 8 A = 0 0 = 00 9 7

In the Matter of:

Application of

American MetroComm Long Distance Corp.

For a Certificate of Convenience and Necessity
to Provide Local Competitive Services and
Petition for Competitive Classification of
Proposed Services Within the State of Arizona

DOCKET NO. T = 0 3 8 3 8 A = 0 0 = 00 9 7

Docket No.

Application is hereby made to the Arizona Corporation Commission (the "Commission") for a Certificate of Convenience and Necessity ("CC&N") authorizing American MetroComm Long Distance Corp. ("Applicant" or "American Metro") to provide Local Competitive Telecommunications Services within the State of Arizona. This application is submitted pursuant to the Commission's new Competitive Telecommunications Rules (the "Rules), A.A.C. R14-2-1101 - - 1115. Applicant submits the following information in support of its Application:

I. INTRODUCTION

- 1. Applicant requests authority to provide resold services and facilities-based services. Facilities-based services generally will consist of switched services, such as intraLATA toll services and local exchange services, which are described more fully below.
- 2. Applicant seeks to provide competitive telecommunications services in the portions of the state currently served by U S West Communications Company ("U S West"). Applicant's service area shall be coextensive with U S West's service area. Attached to this application as Exhibit 1 is a request for waiver of the requirement to provide a map of the State of Arizona.
- 3. Applicant agrees to abide by and follow the Commission's rules concerning competitive telecommunications services.

II. DESCRIPTION OF SERVICES

4. Applicant requests authority to offer interexchange services and basic local exchange services to business customers throughout Arizona in all exchanges in which competition is authorized. American Metro intends to initially resell bundled local services of incumbent local exchange carriers ("ILECs") such as U S West. However, the Company also seeks authority that will enable the Company to implement its own facilities, which may include, at some future date, without limitation, a switch utilizing unbundled local loops of the ILECs.

The Company also seeks authority to resell long distance services of interexchange carriers ("IXCs") certificated in Arizona. The Company will also purchase other telecommunications and related services to create comprehensive business packages. These packages will likely include local and long distance services.

Pursuant to a requested waiver, Applicant has not included service area maps with this Application. American Metro will pursue interconnection agreements with local exchange carriers. Applicant also requests authority to resell services of other carriers, to the extent such resale is permitted, and to interconnect with other carriers for the mutual exchange of traffic.

- 5. Applicant will provide all Customers with access to 911 and E911 emergency services where available, and will cooperate with existing telecommunications companies, and other affected agencies and organizations, to arrange for the necessary interconnections to enable efficient completion of these calls.
- 6. Service to end users will be accomplished by means of connections from Applicant's network to the end user's facilities, where such connections exist or can be timely and economically constructed. Applicant will use other facilities when its own network cannot be feasiblely connected to the Customer's location, and where the use of such alternative facilities is technically and economically feasible.

II. DESCRIPTION OF SERVICES, CONT'D.

- 7. Service quality is one of the important criteria by which Customers will select and judge their local phone company. Applicant will meet the service quality standards as set forth in Rule R14 2 1114 of the Commission's Rules, and improve upon those standards when Customers so demand.
- 8. Applicant will offer its services pursuant to tariff, on a non-discriminatory basis. Attached as Exhibit 2 is Applicant's illustrative tariff which sets forth the terms and conditions of its proposed telecommunications services.
- 9. Applicant is unable to provide rates for its services at this time because the prices for its services are heavily dependent on the potential external costs for call termination over an incumbent local exchange carrier's ("LEC's") network, which are unknown at this time.
- 10. Applicant, as any new entrant, must interconnect with US West to complete the vast majority of its Customer's calls. Until Applicant and US West reach an agreement on compensation for the interconnection of their networks, (including reciprocal compensation, if any, for the mutual exchange of local traffic), or until the Commission prescribes such arrangements, Applicant cannot accurately determine its costs for providing switched services. Thus, until the terms for carrier-to-carrier interconnection are determined or until an interim agreement can be reached, Applicant cannot accurately set its rates for switched services as required by Rule R14-2-1115.I. Applicant requests that the Commission grant a waiver of Rule R-14-2-1104.A.3. until interconnection and compensation provisions have been established.

III. INTERCONNECTION AND COMPENSATION

- 11. Applicant will be unable to operate unless economically feasible interconnection and compensation arrangements are established. If Customers are to fully benefit from the opportunities that arise from competition, it is necessary to establish a regulatory framework that facilitates competitive market entry and perpetuates seamless, ubiquitous telephone service.
- 12. While Commission certification may provide Applicant with the legal basis to provide local telecommunications services, Applicant must also have the technical and operational ability to provide local services. Because any new entrant must interconnect with US West and other LECs to complete the vast majority of its Customers' calls, great attention must be paid to the way in which the carriers interconnect and to the compensation mechanism that governs the exchange of traffic.

IV. PETITION FOR COMPETITIVE CLASSIFICATION

- 13. If the Commission grants this application, Applicant will enter the intrastate telecommunications market with zero market share.
- 14. Applicant has no specific knowledge of any telecommunications providers of its proposed services currently operating in its proposed service area, other than US West. However, new entrants are attempting to establish markets throughout the United States, including Arizona.
- 15. For the reasons stated herein, the Applicant requests that the Commission find the proposed services set forth in Section II, Description of services, to be competitive as it pertains to the Applicant.

V. QUALIFICATIONS

A. Description of Application

16. The name and address of the Applicant is as follows:

American MetroComm Long Distance Corp.

1615 Poydras Street, Suite 1050

New Orleans, LA 70112

Phone:

(504) 500-2000

Fax:

(504) 500-2020

17. All correspondence, notices, inquiries and other communications regarding this Application should be addressed to:

Thomas M. Forte

Consultant to American MetroComm Long Distance Corp.

Technologies Management, Inc.

210 Park Avenue, North

Winter Park, FL 32789

Telephone:

(407) 740-8575

Facsimile:

(407) 740-0613

with copies provided to:

Michael Henry, Chief Executive Officer American MetroComm Long Distance Corp. 1615 Poydras Street, Suite 1050

New Orleans, LA 70112

Phone:

(504) 500-2000

Fax:

(504) 500-2020

18. American MetroComm Long Distance Corp. is organized as a corporation under the laws of Louisiana. The Applicant has applied for registration as a foreign corporation with the State of Arizona and will be qualified to transact business in the State of Arizona.

B. Financial Qualifications

19. As described herein, Applicant is financially qualified to offer the services proposed herein in its service territory. The Applicant has the financial support necessary to procure, install and operate telecommunications facilities and to hire and train the personnel necessary to operate those facilities. The Applicant's Balance Sheet is submitted as Exhibit 4.

V. QUALIFICATIONS, CONT'D.

C. Technical and Managerial Qualifications

20. Applicant is technically and managerially qualified to provide the proposed competitive services. American Metro intends to initially resell bundled local services of incumbent local exchange carriers ("ILECs") such as US West. However, the Company also seeks authority that will enable the Company to implement its own facilities, which may include, at some future date, without limitation, a switch utilizing unbundled local loops of the ILECs.

The Company also seeks authority to resell long distance services of interexchange carriers ("IXCs") certificated in Arizona. The Company will also purchase other telecommunications and related services to create comprehensive business packages. These packages will likely include local and long distance services. The Applicant's specific information on the Technical and Managerial competencies of the Officers of American Metro are shown in Exhibit 5.

D. Public Interest Benefits

- 21. As Applicant states in its description of services, all of its facilities are state-of-the-art. Authorizing Applicant to provide telecommunications services within Arizona will accelerate the deployment of a universally available state-of-the-art public switched telecommunications network.
- 22. Additionally, granting Applicant authority to operate competitive telecommunications services will increase diversity in the supply of existing and future telecommunications services and products in the telecommunications market. Competitive choices, in turn, help to ensure that Customers pay only reasonable charges for local exchange telecommunications services, and will increase diversity in the supply of existing and future telecommunications services and products in the telecommunications market.
- 23. Grant of this Application will serve the public interest by providing to Arizona citizens the benefits resulting from competition, such as Customer choice of providers, more efficient and diverse telecommunications infrastructure, higher service quality, new and innovative services, and competitive prices.

VI. CONCLUSION

The Applicant possesses the requisite technical, financial, and managerial resources and capabilities to provide the proposed services. Additionally, Applicant has demonstrated that the services to be offered are competitive services.

Applicant respectfully requests that the Commission enter an Order: (1) granting a Certificate of Convenience and Necessity to authorize American Metro to offer such services in its proposed service territory; and (2) determining that the services specified herein are "competitive telecommunications services" as they pertain to American Metro.

Dated this and of the , 1999.

Michael Henry, Chief Executive Officer American MetroComm Long Distance Corp.

1615 Poydras Street, Suite 1050

New Orleans, LA 70112

Phone:

(504) 500-2000

Fax:

(504) 500-2020

EXHIBIT 1

American MetroComm Long Distance Corp.

SERVICE AREA MAP

The Applicant intends to offer service within the same geographic boundaries as those of US West in Arizona and, therefore, requests a waiver of the requirement to provide a map.

EXHIBIT 2

American MetroComm Long Distance Corp.

ILLUSTRATIVE ARIZONA TARIFF

RULES, REGULATIONS, AND SCHEDULE OF RATES AND CHARGES APPLICABLE TO END USER

LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

FURNISHED BY

American MetroComm Long Distance Corp.

WITHIN THE STATE OF ARIZONA

ILLUSTRATIVE TARIFF

Issued: February 10, 2000

Issued by:

Effective:

Michael Henry, Chief Executive Officer 1615 Poydras Street, Suite 1050 New Orleans, LA 70112

CHECK SHEET

Pages of this tariff, as indicated below, are effective as of the date shown at the bottom of the respective pages. Original and revised pages, as named below, comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this page.

| PAGE | REVISION | PAGE | REVISION | PAGE | REVISION |
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| 1 | Original * | 26 | Original * | 51 | Original * |
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| 24 | Original * | 49 | Original * | 74 | Original * |
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CHECK SHEET, (CONT'D.)

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EXPLANATION OF SYMBOLS

The following symbols shall be used in this tariff for the purpose indicated below:

- (C) To signify changed regulation.
- **(D)** To signify discontinued rate or regulation.
- (I) To signify increased rate.
- (M) To signify a move in the location of text.
- (N) To signify new rate or regulation.
- (R) To signify reduced rate.
- (S) To signify reissued matter.
- (T) To signify a change in text but no change in rate or regulation.

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APPLICATION OF TARIFF

This tariff sets forth the service offerings, rates, terms and conditions applicable to the local exchange, exchange access, and intrastate toll communications services within the state of Arizona.

TARIFF FORMAT

- (A) Page Numbering Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.
- (B) Page Revision Numbers Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current sheet version on file with the Commission. For example, the 4th revised Sheet 14 cancels the 3rd revised Sheet 14. Because of various suspension periods, deferrals, etc., the most current sheet number on file with the Commission is not always the tariff page in effect. Consult the Check Sheet for the sheet currently in effect.
- (C) Paragraph Numbering Sequence There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:

2. 2.1. 2.1.1.A. 2.1.1.A.1. 2.1.1.A.1.(a). 2.1.1.A.1.(a).I. 2.1.1.A.1.(a).I.(i). 2.1.1.A.1.(a).I.(i).

(D) Check Sheets - When a tariff filing is made with the Commission, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the sheets contained in the tariff, with a cross reference to the current revision number. When new pages are added, the Check Sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this page if these are the only changes made to it (i.e., the format, etc. remain the same, just revised revision levels on some pages.) The tariff user should refer to the latest Check Sheet to find out if a particular page is the most current on file with the Commission.

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American MetroComm Long Distance Corp. 1615 Poydras Street, Suite 1050 New Orleans, LA 70112

Arizona Tariff No. 2 Original Page 6

EXCHANGE SERVICE LIST

Local exchange services are provided in the same Exchange Service Areas areas as defined in Section 5.1.1 of the U.S. West Communications Arizona Exchange and Network Services tariff., subject to availability of facilities and equipment.

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SECTION 1.0 - DEFINITIONS

For the purpose of this tariff, the following definitions will apply:

Access Line: A circuit between the station protector on the Customer's telephone service or PBX to, and including, the serving central office main frame.

Access Services: The Company's intrastate telephone services offered pursuant to this tariff.

Access Service Request ("ASR"): The written request for access services executed by the Customer and the Company in the format devised by the Company. The signing of an ASR by the Customer and acceptance by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this tariff, but the duration of the service is calculated from the Service Commencement Date. Should a Customer use the Company's access service without an executed ASR, the Company will then request the Customer to submit one.

Account Codes: Permits Centrex Stations and attendants to dial an account code number of up to eight digits. For use when placing calls over facilities arranged for Automatic Message Accounting (AMA) recording. The account or project number must be input prior to dialing the called number.

Advance Payment: Part or all of a payment required before the start of service.

American MetroComm Long Distance Corp.: The issuer of this tariff.

Authorized User: A person, firm, corporation, or any other entity authorized by the Customer to communicate utilizing the Carrier's service under terms and conditions of this price list. The Customer remains responsible for payment of services.

Automatic Number Identification ("ANI"): Allows the automatic transmission of a caller's billing account telephone number to a local exchange company, interexchange carrier or a third party subscriber. The primary purpose of ANI is to allow for billing of toll calls.

Auxiliary Line: An additional individual access line used for one-way (inward to the Customer) service.

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chael Henry Chief Evecutive Officer

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Back-up Line: An optional service providing individual line Business Customers with an additional line for inward and outward calling with usage charges applying for originating and terminating calls.

Bandwidth: The difference, expressed in Hertz, between the highest and lowest frequencies of a band constituting a channel or circuit.

Baud: A unit of signaling speed. The speed in bauds is the number of signaling elements per second.

Bit: The smallest unit of information in the binary system of notation.

Bit Rate: The speed at which bits are transmitted, expressed in bits per second.

Business Customer: In general, Business Customers are those who have access lines that terminate at offices, mills, stores or a business location. Business rates apply if the service is used primarily or substantially for business purposes even if the access line does not terminate at a business location, or if the access line has a business directory listing.

Call: A completed connection established between a calling station and one or more called stations.

Called Party: The person, individual, corporation, or other entity whose telephone number is called by the End User. For calls placed on an Collect Billing basis, the Called Party accepts responsibility for payment of the charges for use of services provided by American MetroComm Long Distance Corp.

Central Office: A local Company switching system where exchange service Customer station loops are terminated for purposes of interconnection to each other and to trunks.

Channel or Circuit: A transmission path or paths between two or more points having a bandwidth or transmission speed suitable to render service to a Customer.

Class of Service: A description of telephone service furnished a Customer in terms such as:

Grade of Line - Individual line
Type of Rate - Flat rate or message rate
Character of Use - Business or Residence
Dialing Method - Touch-Tone or Rotary

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Collect Billing: A billing arrangement whereby the originating caller may bill the charges for a call to the called party, provided the called party agrees to accept the charges.

Commission: Arizona Public Service Commission.

Collocation: An arrangement whereby the Company's switching equipment is located in a local exchange Company's central office.

Company or Carrier: American MetroComm Long Distance Corp. or otherwise clearly indicated by the context.

Customer or Subscriber: The person, firm or corporation which orders service and is responsible for the payment of charges and compliance with the Company's regulations.

Day: From 8:00 AM up to but not including 5:00 PM local time Sunday through Friday.

Dedicated Inbound Calls: Refers to calls that are terminated via dedicated access facilities connecting the Customer's premises and the Company's Point of Presence ("POP"). This service is offered to the extent facilities are available and where the Company and the Customer jointly arrange for the establishment of dedicated access facilities connecting the Customer's trunk-compatible PBX or other suitable equipment to the Company's POP. The Customer shall be responsible for all costs and charges associated with the dedicated access facilities.

Dedicated Outbound Calls: Refers to service that is offered to the extent facilities are available in those cases where the Company and the Customer jointly arrange for the establishment of dedicated access facilities connecting the Customer's trunk-compatible PBX or other suitable equipment to the Company's (POP). The Customer shall be responsible for all costs and charges associated with the dedicated access facilities.

Deposit: Refers to a cash or equivalent of cash security held as a guarantee for payment of the charges.

Dial Pulse (or "DP"): The pulse type employed by rotary dial station sets.

Directory Assistance/Directory Assistance Call Completion (DA/DACC): A service which provides the Customer a local exchange Customer telephone number and local call completion to the number provided, if requested, given a listed name and address.

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Dual Tone Multi-Frequency (or "DTMF"): The pulse type employed by tone dial station sets.

Duplex Service: Service which provides for simultaneous transmission in both directions.

End Office: With respect to each NPA-NXX code prefix assigned to the Company, the location of the Company's "end office" for purposes of this tariff shall be the point of interconnection associated with that NPA-NXX code in the Local Exchange Routing Guide ("LERG"), issued by Bellcore.

End User: Any person, firm, corporation, partnership or other entity which uses the services of the Carrier under the provisions and regulations of this tariff. The End User is responsible for payment unless the charges for the services utilized are accepted and paid by another Customer.

Evening: From 5:00 PM up to but not including 11:00 PM local time Sunday through Friday.

Exchange: A central office or group of central offices, together with the Customer's stations and lines connected thereto, forming a local system which furnishes means of telephonic intercommunication without toll charges between Customers within a specified area, usually a single city, town or village.

Exchange Service Area: The territory, including the base rate, suburban and rural areas served by an exchange, within which local telephone service is furnished at the exchange rates applicable within that area.

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Exchange Telephone Company or Telephone Company: Denotes any individual, partnership, association, joint-stock company, trust, or corporation authorized by the appropriate regulatory bodies to engage in providing public switched communication service throughout an exchange area, and between exchange areas within the LATA.

Extended Area Service: A type of telephone service furnished under tariff provisions whereby subscribers of a given exchange may complete calls to and, where provided by the tariff, receive messages from one or more exchanges without the application of long distance message telecommunications charges.

Fiber Optic Cable: A thin filament of glass with a protective outer coating through which a light beam carrying communications signals may be transmitted by means of multiple internal reflections to a receiver, which translates the message.

Flat Rate Service: A classification of exchange service for which a stipulated charge is made, regardless of the amount of use.

Hearing Impaired: Those persons with communication impairments, including those hearing impaired, deaf, deaf/blind, and speech impaired persons who have an impairment that prevents them from communicating over the telephone without the aid of a telecommunications device for the deaf.

Holidays: The Company's recognized holidays are New Year's Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

Hunting: Routes a call to an idle station line in a prearranged group when the called station line is busy.

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In-Only: A service attribute that restricts outward dial access and routes incoming calls to a designated answer point.

Individual Case Basis (ICB): A service arrangement in which the regulations, rates and charges are developed based on the specific circumstances of the Customer's situation.

IXC or Interexchange Carrier: A long distance telecommunications services provider.

Kbps: Kilobits per second, denotes thousands of bits per second.

LATA: A Local Access and Transport Area established pursuant to the Modification of Final Judgment entered by the United States District Court for the District of Columbia in Civil Action No. 82-0192; or any other geographic area designated as a LATA in the National Exchange Carrier Association, Inc. Tariff F.C.C. No. 4.

LEC: Local Exchange Company

Local Interconnection Trunking Service: A local circuit administration point, other than a cross-connect or an information outlet, that provides capability for routing and re-routing circuits.

Local Service: A type of localized calling whereby a subscriber can complete calls from his station to other stations within a specified area without the payment of long distance charges.

Local Service Area: The area within which telephone service is furnished subscribers under a specific schedule of exchange rates and without long distance charges. A local service area may include one or more exchange service areas.

Mbps: Megabits, denotes millions of bits per second.

Message Rate Service: A classification of exchange service for which a charge is made on the basis of use.

Minimum Point of Presence ("MPOP"): The main telephone closet in the Customer's building.

Monthly Recurring Charges ("MRC"): The monthly charges to the Customer for services, facilities and equipment, which continue for the agreed upon duration of the service.

Multi-Frequency or ("MF"): An inter-machine pulse-type used for signaling between telephone switches, or between telephone switches and PBX/key systems.

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Michael Henry, Chief Executive Officer 1615 Poydras Street, Suite 1050 New Orleans, LA 70112

Multiplexing: The act of combining a number of individual message circuits for transmission over a common transmission path.

Night/Weekend: From 11:00 PM up to but not including 8:00 AM Sunday through Friday, and 8:00 AM Saturday up to but not including 5:00 PM Sunday.

Nonrecurring Charge ("NRC"): One-time initial charges for services or facilities, including but not limited to charges for construction, installation, or special fees, for which the Customer becomes liable at the time the Service Order is executed.

NPA: Numbering plan area or area code.

Off-Net: A means for carrying and switching traffic to or from the Customer's premises, where the Company leases Other Telephone Company's facilities to deliver traffic to a Customer location. With Off-Net service, the Customers' premises is connected through such facilities directly to switching equipment leased by the Company for resale purposes from Other Telephone Companies. (Off-Net traffic consists of all traffic that is not considered to be On-Net traffic.)

On-Net: A means for carrying and switching local traffic to or from the Customer's premises, where the Company connects to the MPOP in a Customer building or on a Customer's premises using Company-owned fiber facilities or local loops obtained from Other Telephone Companies. With On-Net service, the Customer's premises is connected through such facilities directly to switching equipment owned by the Company.

Operator Station Call: A service whereby caller places a non-Person to Person call with the assistance of an operator (live or automated).

Other Telephone Company: An Exchange Telephone Company, other than the Company.

Pay Telephone (Payphone): A telephone instrument equipped with a credit card reader, coin box, or similar device that allows charges to be collected for each call at the instrument.

Person to Person Call: A service whereby the person originating the call specifies a particular person to be reached, or a particular station, room number, department, or office to be reached through a PBX attendant.

Premises: A building or buildings on contiguous property.

Point of Presence ("POP"): Point of Presence

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Michael Henry, Chief Executive Officer 1615 Poydras Street, Suite 1050 New Orleans, LA 70112

Public Telephone Service: Public Telephone Services provide a Payphone Provider ("PP") with a connection to the Company's switching network for the purpose of accessing services and features provided by the Company on Federal Communications Commission (FCC) registered Customer-owned Coin Operated Telephones (COCOTs) and Customer-owned coinless telephones.

Public Telephone Services consists of two primary service offerings and service features that can be added at the option of the PP. The two primary service offerings are Pay Telephone Access Line Service and Smart Line Service. These service offerings are explained at sections 6.2 and 6.3.

Service Commencement Date: The first day following the date on which the Company notifies the Customer that the requested service or facility is available for use, unless extended by the Customer's refusal to accept service which does not conform to standards set forth in the Service Order or this tariff, in which case the Service Commencement Date is the date of the Customer's acceptance. The Company and Customer may mutually agree on a substitute Service Commencement Date.

Service Connection Charge: A nonrecurring charge applying to the establishment of basic telephone service for a Customer and certain subsequent additions to that service.

Service Order: The written request for Network Services executed by the Customer and the Company in the format devised by the Company. The signing of a Service Order by the Customer and acceptance by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this tariff, but the duration of the service is calculated from the Service Commencement Date.

Serving Wire Center: The wire center from which the Customer-designated premises normally obtains dial tone from the Company.

Station: Telephone equipment from or to which calls are placed.

Station to Station Call: A service whereby the person originating the call either dials the telephone number desired or gives to the company operator the telephone number of the desired telephone, PBX station, or the name and address under which such number is listed and does not specify a particular person to be reached.

Shared: A facility or equipment system or subsystem that can be used simultaneously by several Customers.

Shared Inbound Calls: Refers to calls that are terminated via the Customer's Company-provided local exchange line.

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Shared Outbound Calls: Refers to calls in Feature Group (FGD) exchanges whereby the Customer's local telephone lines are presubscribed by the Company to the Company's outbound service such that "1 + 10-digit number" calls are automatically routed to the Company's or an IXC's network. Calls to stations within the Customer's LATA may be placed by dialing "10XXXX" or "101XXXXX" with 1 + 10-digit number."

Suspension of Service: An arrangement made at the request of the Customer, or initiated by the Company for violation of price list regulations by the Customer, for temporarily discontinuing service without terminating the service agreement or removing the telephone equipment from the Customer's premises.

Tandem: A class 4 switch facility to which NPA and NXX codes are subtended.

Termination Charge: A charge applied when a Customer discontinues an item of service or equipment prior to the expiration of the initial service period designated for such item. The basic termination charge is an amount established for an individual item of service or equipment from which the termination charge is computed.

Third Party Billing: A billing arrangement by which the charges for a call may be billed to a telephone number that is different from the calling number and the called number.

Trunk: An Access Line which connects to a Private Branch Exchange or a hybrid system.

Two Way: A service attribute that includes outward dial capabilities for outbound calls and can also be used to carry inbound calls to a central point for further processing.

Usage Based Charges: Charges for minutes or messages traversing over local exchange facilities.

User or End User: A Customer, Joint User, or any other person authorized by a Customer to use service provided under this tariff.

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SECTION 2.0 - RULES AND REGULATIONS

2.1 Undertaking of the Company

2.1.1 Scope

The Company undertakes to furnish communications service pursuant to the terms of this tariff in connection with one-way and/or two-way information transmission originating from points within the State of Arizona, and terminating within a local calling area as defined herein.

The Company is responsible under this tariff only for the services and facilities provided hereunder, and it assumes no responsibility for any service provided by any other entity that purchases access to the Company network in order to originate or terminate its own services, or to communicate with its own Customers.

2.1.2 Shortage of Equipment or Facilities

- (A) The Company reserves the right to limit or to allocate the use of existing facilities, or of additional facilities offered by the Company, when necessary because of lack of facilities, or due to some other cause beyond the Company's control.
- (B) The furnishing of service under this tariff is subject to the availability on a continuing basis of all the necessary facilities and is limited to the capacity of the Company's facilities as well as facilities the Company may obtain from other carriers to furnish service from time to time as required at the sole discretion of the Company.

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2.1 Undertaking of the Company, (Cont'd.)

2.1.3 Terms and Conditions

- (A) Service is provided on the basis of a minimum period of at least six months, 24-hours per day. For the purpose of computing charges in this tariff, a month is considered to have thirty (30) days.
- (B) Customers may be required to enter into written service orders which shall contain or reference a specific description of the service ordered, the rates to be charged, the duration of the services, and the terms and conditions in this tariff. Customers will also be required to execute any other documents as may be reasonably requested by the Company.
- (C) Except as otherwise stated in the tariff, at the expiration of the initial term specified in each Service Order, or in any extension thereof, service shall continue on a month to month basis at the then current rates unless terminated by either party upon thirty (30) days written notice. Any termination shall not relieve the Customer of its obligation to pay any charges incurred under the service order and this tariff prior to termination. The rights and obligations which by their nature extend beyond the termination of the term of the service order shall survive such termination.
- (D) Service may be terminated upon written notice to the Customer if:
 - (1) the Customer is using the service in violation of this tariff; or
 - (2) the Customer is using the service in violation of the law.
- (E) This tariff shall be interpreted and governed by the laws of the State of Arizona without regard for its choice of laws provision.

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2.1 Undertaking of the Company, (Cont'd.)

2.1.3 Terms and Conditions, (Cont'd.)

- (F) Any Other Telephone Company may not interfere with the right of any person or entity to obtain service directly from the Company. No person or entity shall be required to make any payment, incur any penalty, monetary or otherwise, or purchase any services in order to have the right to obtain service directly from the Company.
- (G) To the extent that either the Company or any Other Telephone Company exercises control over available cable pairs, conduit, duct space, raceways, or other facilities needed by the other to reach a person or entity, the party exercising such control shall make them available to the other on terms equivalent to those under which the Company makes similar facilities under its control available to its Customers. At the reasonable request of either party, the Company and the Other Telephone Company shall jointly attempt to obtain from the owner of the property access for the other party to serve a person or entity.
- (H) The Company hereby reserves its rights to establish service packages specific to a particular Customer. These contracts may or may not be associated with volume and/or term discounts.

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2.1 Undertaking of the Company, (Cont'd.)

2.1.4 Limitations on Liability

- (A) Except as otherwise stated in this section, the liability of the Company for damages arising out of either: (1) the furnishing of its services, including but not limited to mistakes, omissions, interruptions, delays, or errors, or other defects, representations, or use of these services or (2) the failure to furnish its service, whether caused by acts or omission, shall be limited to the extension of allowances to the Customer for interruptions in service as set forth in Section 2.7.
- (B) Except for the extension of allowances to the Customer for interruptions in service as set forth in Section 2.7, the Company shall not be liable to a Customer or third party for any direct, indirect, special, incidental, reliance, consequential, exemplary or punitive damages, including, but not limited to, loss of revenue or profits, for any reason whatsoever, including, but not limited to, any act or omission, failure to perform, delay, interruption, failure to provide any service or any failure in or breakdown of facilities associated with the service.
- (C) The liability of the Company for errors in billing that result in overpayment by the Customer shall be limited to a credit equal to the dollar amount erroneously billed or, in the event that payment has been made and service has been discontinued, to a refund of the amount erroneously billed.

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2.1 Undertaking of the Company, (Cont'd.)

2.1.4 Limitations on Liability, (Cont'd.)

- (D) The Company shall be indemnified and saved harmless by the Customer from and against all loss, liability, damage and expense, including reasonable counsel fees, due to:
 - (1) Any act or omission of: (a) the Customer, (b) any other entity furnishing service, equipment or facilities for use in conjunction with services or facilities provided by the Company; or (c) common carriers or warehousemen, except as contracted by the Company;
 - (2) Any delay or failure of performance or equipment due to causes beyond the Company's control, including but not limited to, acts of God, fires, floods, earthquakes, hurricanes, or other catastrophes; national emergencies, insurrections, riots, wars or other civil commotions; strikes, lockouts, work stoppages or other labor difficulties; criminal actions taken against the Company; unavailability, failure or malfunction of equipment or facilities provided by the Customer or third parties; and any law, order, regulation or other action of any governing authority or agency thereof;
 - (3) Any unlawful or unauthorized use of the Company's facilities and services;
 - (4) Libel, slander, invasion of privacy or infringement of patents, trade secrets, or copyrights arising from or in connection with the material transmitted by means of Company-provided facilities or services; or by means of the combination of Company-provided facilities or services;
 - (5) Breach in the privacy or security of communications transmitted over the Company's facilities;

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2.1 Undertaking of the Company, (Cont'd.)

2.1.4 Limitations on Liability, (Cont'd.)

(D) (Cont'd.)

- (6) Changes in any of the facilities, operations or procedures of the Company that render any equipment, facilities or services provided by the Customer obsolete, or require modification or alteration of such equipment, facilities or services, or otherwise affect their use or performance, except where reasonable notice is required by the Company and is not provided to the Customer, in which event the Company's liability is limited as set forth in paragraph (A) of this Subsection 2.1.4.
- (7) Defacement of or damage to Customer premises resulting from the furnishing of services or equipment on such premises or the installation or removal thereof;
- (8) Injury to property or injury or death to persons, including claims for payments made under Workers' Compensation law or under any plan for employee disability or death benefits, arising out of, or caused by, any act or omission of the Customer, or the construction, installation, maintenance, presence, use or removal of the Customer's facilities or equipment connected, or to be connected to the Company's facilities;
- (9) Any noncompletion of calls due to network busy conditions;
- (10) Any calls not actually attempted to be completed during any period that service is unavailable;
- (11) And any other claim resulting from any act or omission of the Customer or patron(s) of the Customer relating to the use of the Company's services or facilities.

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2.1 Undertaking of the Company, (Cont'd.)

2.1.4 Limitations on Liability, (Cont'd.)

- (E) The Company does not guarantee nor make any warranty with respect to installations provided by it for use in an explosive atmosphere.
- (F) The Company makes no warranties or representations, EXPRESS OR IMPLIED, either in fact or by operation of law, statutory or otherwise, including warranties of merchantability or fitness for a particular use, except those expressly set forth herein.
- (G) Failure by the Company to assert its rights pursuant to one provision of this tariff does not preclude the Company from asserting its rights under other provisions.

2.1.5 Notification of Service-Affecting Activities

The Company will provide the Customer reasonable notification of service-affecting activities that may occur in normal operation of its business. Such activities may include, but are not limited to, equipment or facilities additions, removals or rearrangements and routine preventative maintenance. Generally, such activities are not specific to an individual Customer but affect many Customers' services. No specific advance notification period is applicable to all service activities. The Company will work cooperatively with the Customer to determine the reasonable notification requirements. With some emergency or unplanned service-affecting conditions, such as an outage resulting from cable damage, notification to the Customer may not be possible.

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2.1 Undertaking of the Company, (Cont'd.)

2.1.6 Provision of Equipment and Facilities

- (A) The Company shall use reasonable efforts to maintain only the facilities and equipment that it furnishes to the Customer. The Customer may not nor may the Customer permit others to rearrange, disconnect, remove, attempt to repair, or otherwise interfere with any of the facilities or equipment installed by the Company, except upon the written consent of the Company.
- (B) The Company may substitute, change or rearrange any equipment or facility at any time and from time to time, but shall not thereby alter the technical parameters of the service provided the Customer.
- (C) Equipment the Company provides or installs at the Customer Premises for use in connection with the services the Company offers shall not be used for any purpose other than that for which the equipment is provided.
- (D) Except as otherwise indicated, Customer provided station equipment at the Customer's premises for use in connection with this service shall be so constructed, maintained and operated as to work satisfactorily with the facilities of the Company.
- (E) The Company shall not be responsible for the installation, operation, or maintenance of any Customer provided communications equipment. Where such equipment is connected to the facilities furnished pursuant to this tariff, the responsibility of the Company shall be limited to the furnishing of facilities offered under this tariff and to the maintenance and operation of such facilities. Subject to this responsibility, the Company shall not be responsible for:
 - (1) the through transmission of signals by Customer provided equipment or for the quality of, or defects in, such transmission; or
 - (2) the reception of signals by Customer-provided equipment; or
 - (3) network control signaling where such signaling is performed by Customer-provided network control signaling equipment.

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2.1 Undertaking of the Company, (Cont'd.)

2.1.7 Non-Routine Installation

At the Customer's request, installation and/or maintenance may be performed outside the Company's regular business hours or in hazardous locations. In such cases, charges based on cost of the actual labor, material, or other costs incurred by or charged to the Company will apply. If installation is started during regular business hours but, at the Customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays, and/or night hours, additional charges may apply.

2.1.8 Special Construction

Subject to the agreement of the Company and to all of the regulations contained in this tariff, special construction of facilities may be undertaken on a reasonable efforts basis at the request of the Customer. Special construction is construction undertaken:

- (A) where facilities are not presently available, and there is no other requirement for the facilities so constructed;
- (B) of a type other than that which the Company would normally utilize in the furnishing of its services;
- (C) over a route other than that which the Company would normally utilize in the furnishing of its services;
- (D) in a quantity greater than that which the Company would normally construct;
- (E) on an expedited basis;
- **(F)** on a temporary basis until permanent facilities are available;
- (G) involving abnormal costs; or
- (H) in advance of its normal construction.

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2.1 Undertaking of the Company, (Cont'd.)

2.1.9 Ownership of Facilities

Title to all facilities provided in accordance with this tariff remains in the Company, its partners, agents, contractors or suppliers.

2.2 Prohibited Uses

- 2.2.1 The services the Company offers shall not be used for any unlawful purpose or for any use as to which the Customer has not obtained all required governmental approvals, authorizations, licenses, consents and permits.
- 2.2.2 The Company may require applicants for service who intend to use the Company's offerings for resale and/or for shared use to file a letter with the Company confirming that their use of the Company's offerings complies with relevant laws and the Arizona Public Service Commission's regulations, policies, orders, and decisions.
- 2.2.3 The Company may block any signals being transmitted over its Network by Customers which cause interference to the Company or other users. Customer shall be relieved of all obligations to make payments for charges relating to any blocked Service and shall indemnify the Company for any claim, judgment or liability resulting from such blockage.
- 2.2.4 A Customer, joint user, or authorized user may not assign, or transfer in any manner, the service or any rights associated with the service without the written consent of the Company. The Company will permit a Customer to transfer its existing service to another entity if the existing Customer has paid all charges owed to the Company for regulated communications services. Such a transfer will be treated as a disconnection of existing service and installation of new service, and nonrecurring installation charges as stated in this tariff will apply.

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2.3 Obligations of the Customer

2.3.1 General

The Customer shall be responsible for:

- (A) the payment of all applicable charges pursuant to this tariff;
- (B) damage to or loss of the Company's facilities or equipment caused by the acts or omissions of the Customer; or the noncompliance by the Customer, with these regulations; or by fire or theft or other casualty on the Customer Premises, unless caused by the negligence or willful misconduct of the employees or agents of the Company;
- (C) providing at no charge, as specified from time to time by the Company, any needed equipment, space and power to operate Company facilities and equipment installed on the premises of the Customer, and the level of heating and air conditioning necessary to maintain the proper operating environment on such premises;
- (D) obtaining, maintaining, and otherwise having full responsibility for all rights-of-way and conduit necessary for installation of fiber optic cable and associated equipment used to provide Communications Services to the Customer from the cable building entrance or property line to the location of the equipment space described in Section 2.3.1(C). Any and all costs associated with the obtaining and maintaining the rights-of-way described herein, including the costs of altering the structure to permit installation of the Company provided facilities, shall be borne entirely by, or may be charged by the Company, to the Customer. The Company may require the Customer to demonstrate its compliance with this section prior to accepting an order for service.

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2.3 Obligations of the Customer, (Cont'd.)

2.3.1 General, (Cont'd.)

- (E) providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premises at which Company employees and agents shall be installing or maintaining the Company's facilities and equipment. The Customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company's opinion, injury or damage to the Company employees or property might result from installation or maintenance by the Company. The Customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material (e.g., friable asbestos) prior to any construction or installation work;
- (F) complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of Company facilities and equipment in any Customer premises or the rights-of-way for which Customer is responsible under Section 2.3.1(D); and granting or obtaining permission for Company agents or employees to enter the premises of the Customer at any time for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of the Company;
- (G) not creating or allowing to be placed any liens or other encumbrances on the Company's equipment or facilities; and
- (H) making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance will be made for the period during which service is interrupted for such purposes.

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2.3 Obligations of the Customer, (Cont'd.)

2.3.2 Liability of the Customer

- (A) The Customer will be liable for damages to the facilities of the Company and for all incidental and consequential damages caused by the negligent or intentional acts or omissions of the Customer, its officers, employees, agents, invites, or contractors where such acts or omissions are not the direct result of the Company's negligence or intentional misconduct.
- (B) To the extent caused by any negligent or intentional act of the Customer as described in (A), preceding, the Customer shall indemnify, defend and hold harmless the Company from and against all claims, actions, damages, liabilities, costs and expenses, including reasonable attorneys' fees, for (1) any loss, destruction or damage to property of any third party, and (2) any liability incurred by the Company to any third party pursuant to this or any other tariff of the Company, or otherwise, for any interruption of, interference to, or other defect in any service provided by the Company to such third party.
- (C) The Customer shall not assert any claim against any other Customer or user of the Company's services for damages resulting in whole or in part from or arising in connection with the furnishing of service under this tariff including but not limited to mistakes, omissions, interruptions, delays, errors or other defects or misrepresentations, whether or not such other Customer or user contributed in any way to the occurrence of the damages, unless such damages were caused solely by the negligent or intentional act or omission of the other Customer or user and not by any act or omission of the Company. Nothing in this tariff is intended either to limit or to expand Customer's right to assert any claims against third parties for damages of any nature other than those described in the preceding sentence.

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2.4 Customer Equipment and Channels

2.4.1 General

A user may transmit or receive information or signals via the facilities of the Company. The Company's services are designed primarily for the transmission of voice-grade telephonic signals, except as otherwise stated in this tariff. A user may transmit any form of signal that is compatible with the Company's equipment, but the Company does not guarantee that its services will be suitable for purposes other than voice-grade telephonic communication except as specifically stated in this tariff.

2.4.2 Station Equipment

- (A) Terminal equipment on the user's premises and the electric power consumed by such equipment shall be provided by and maintained at the expense of the user. The user is responsible for the provision of wiring or cable to connect its terminal equipment to the Company MPOP.
- (B) The Customer is responsible for ensuring that Customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltages and currents impressed on Company-provided equipment and wiring by the connection, operation, or maintenance of such equipment and wiring shall be such as not to cause damage to the Company-provided equipment and wiring or injury to the Company's employees or to other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the Customer's expense, subject to prior Customer approval of the equipment expense.

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2.4 Customer Equipment and Channels, (Cont'd.)

2.4.3 Interconnection of Facilities

SECTION 2.4.3 IS AVAILABLE ONLY TO CARRIERS WHICH ARE CERTIFIED BY THE ARIZONA PUBLIC SERVICE COMMISSION TO PROVIDE INTRASTATE LOCAL EXCHANGE SERVICES.

- (A) Local Traffic Exchange provides the ability for another local exchange provider to terminate local traffic on the Company's network. In order to quality for Local Traffic Exchange the call must: (a) be originated by an end user of a company that is authorized by the Arizona Public Service Commission to provide local exchange service; (b) originate and terminate within a local calling area of the Company.
- (B) Any special interface equipment necessary to achieve compatibility between the facilities and equipment of the Company used for furnishing Communications Services and the channels, facilities, or equipment of others shall be provided at the Customer's expense.
- (C) Communications Services may be connected to the services or facilities of other communications carriers only when authorized by, and in accordance with, the terms and conditions of the tariffs of the other communications carriers which are applicable to such connections.
- (D) Facilities furnished under this tariff may be connected to Customer provided terminal equipment in accordance with the provisions of this tariff. All such terminal equipment shall be registered by the Federal Communications Commission pursuant to Part 68 of Title 47, Code of Federal Regulations; and all user-provided wiring shall be installed and maintained in compliance with those regulations.

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2.4 Customer Equipment and Channels, (Cont'd.)

2.4.4 Inspections

- (A) Upon suitable notification to the Customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the Customer is complying with the requirements set forth in Section 2.4.2(B) for the installation, operation, and maintenance of Customer-provided facilities, equipment, and wiring in the connection of Customer-provided facilities and equipment to Company-owned facilities and equipment.
- (B) If the protective requirements for Customer-provided equipment are not being complied with, the Company may take such action as it deems necessary to protect its facilities, equipment, and personnel. The Company will notify the Customer promptly if there is any need for further corrective action. Within ten days of receiving this notice, the Customer must take this corrective action and notify the Company of the action taken. If the Customer fails to do this, the Company may take whatever additional action is deemed necessary, including the suspension of service, to protect its facilities, equipment and personnel from harm.
- (C) If harm to the Company's network, personnel or services is imminent, the Company reserves the right to shut down Customer's service immediately, with no prior notice required.

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2.5 Customer Deposits and Advance Payments

2.5.1 Advance Payments

To safeguard its interests, the Company may require a Customer to make an advance payment before services and facilities are furnished, where special construction is involved. The advance payment will not exceed an amount equal to the nonrecurring charge(s) and one (1) month's charges for the service or facilities. In addition, the advance payment may also include an amount equal to the estimated nonrecurring charges for the special construction and recurring charges (if any) for a period to be set between the Company and the Customer. The advance payment will be credited to the Customer's initial bill. Advance payments do not accrue interest. An advance payment may be required in addition to a deposit.

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2.5 Customer Deposits and Advance Payments, (Cont'd.)

2.5.2 Deposits

- (A) To safeguard its interests, the Company may require the Customer to make a deposit to be held as a guarantee for the payment of charges. A deposit may be required if the Customer's financial condition is not acceptable to the Company or is not a matter of general knowledge. A deposit does not relieve the Customer of the responsibility for the prompt payment of bills on presentation. The deposit will not exceed an amount equal to two and one-half twelfths of the estimated charge for the service for the ensuing twelve months. A deposit may be required in addition to an advance payment.
- (B) Upon discontinuance of service, the Company shall promptly and automatically refund the Customer's deposit plus accrued interest, or the balance, if any, in excess of the unpaid bills including any penalties assessed for service furnished by the Company.
- (C) The Company shall annually and automatically refund the deposits of Customers who have paid bills for twelve consecutive months without having had service discontinued for nonpayment or had more than one occasion on which a bill was not paid within the period prescribed and are not then delinquent in payment.

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2.6 Payment Arrangements, (Cont'd.)

2.6.1 Payment for Service

The Customer is responsible for the payment of all charges for facilities and services furnished by the Company to the Customer.

The Customer is responsible for the payment of federal excise taxes, state and local sales and use taxes and similar taxes imposed by governmental jurisdictions, all of which shall be separately designated on the Company's invoices. The Company will not separately charge for the Arizona gross receipts tax on the Company's invoice for local services. Any taxes imposed by a local jurisdiction (e.g., county and municipal) will only be recovered from those Customers residing in the affected jurisdictions.

Certain telecommunications services, as defined in the Arizona Revised Code, are subject to state sales tax at the prevailing tax rates, if the services originate, or terminate in Arizona, or both, and are charged to a subscriber's telephone number or account in Arizona.

2.6.2 Billing and Collection of Charges

The Customer is responsible for payment of all charges incurred by the Customer or other users for services and facilities furnished to the Customer by the Company.

- (A) Nonrecurring charges are due and payable within thirty (30) days after the date the invoice is mailed to the Customer by the Company.
- (B) The Company shall present invoices for recurring charges monthly to the Customer, in advance of the month in which service is provided, and recurring charges shall be due and payable within thirty (30) days after the date the invoice is mailed to the Customer by the Company. When billing is based upon Customer usage, usage charges will be billed monthly for the preceding billing period.
- (C) When service does not begin on the first day of the month, or end on the last day of the month, the charge for the fraction of the month in which service was furnished will be calculated on a pro rata basis. For this purpose, every month is considered to have thirty (30) days.

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2.6 Payment Arrangements, (Cont'd.)

2.6.2 Billing and Collection of Charges, (Cont'd.)

- (D) Billing of the Customer by the Company will begin on the Service Commencement Date, which is the day on which the Company notifies the Customer that the service or facility is available for use, except that the Service Commencement Date may be postponed by mutual agreement of the parties, or if the service or facility does not conform to standards set forth in this tariff or the Service Order. Billing accrues through and includes the day that the service, circuit, arrangement or component is discontinued.
- (E) If any portion of the payment is not received by the Company within 30 days of receipt of the bill, or if any portion of the payment is received by the Company in funds which are not immediately available upon presentment, then a late payment charge of 1.5% per month shall be due to the Company. A late payment charge is not applicable to subsequent rebilling of any amount to which a late payment charge has already been applied. Late payment charges are to be applied without discrimination.
- (F) The Customer should notify the Company of any disputed items on an invoice within thirty (30) days of receipt of the invoice. If the Customer and the Company are unable to resolve the dispute to their mutual satisfaction, the Customer may file a complaint with the Arizona Public Service Commission in accordance with the Commission's rules of procedure. The address of the Commission is as follows:

Arizona Corportation Commission 1200 West Washington Street Phoenix, Arizona 85007

(G) If service is disconnected by the Company (in accordance with Section 2.6.3 following) and later re-installed, re-installation of service will be subject to all applicable installation charges.

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2.6 Payment Arrangements, (Cont'd.)

2.6.3 Discontinuance of Service for Cause

The Company may discontinue service for the following reasons provided in this Section 2.6.3. Customers will be provided five (5) days written notice prior to discontinuance unless otherwise indicated.

Upon the Company's discontinuance of service to the Customer under Section 2.6.3(A) or 2.6.3(B), the Company, in addition to all other remedies that may be available to the Company at law or in equity or under any other provision of this tariff, may declare all future monthly and other charges which would have been payable by the Customer during the remainder of the term for which such services would have otherwise been provided to the Customer to be immediately due and payable (discounted to present value at six percent).

- (A) Upon nonpayment of any amounts owing to the Company, the Company may discontinue or suspend service without incurring any liability.
- (B) Upon violation of any of the other material terms or conditions for furnishing service the Company may, discontinue or suspend service without incurring any liability if such violation continues during that period.
- (C) Upon condemnation of any material portion of the facilities used by the Company to provide service to a Customer or if a casualty renders all or any material portion of such facilities inoperable beyond feasible repair, the Company, by notice to the Customer, may discontinue or suspend service without incurring any liability.
- (D) Upon the Customer's insolvency, assignment for the benefit of creditors, filing for bankruptcy or reorganization, or failing to discharge an involuntary petition within the time permitted by law, the Company may immediately discontinue or suspend service without incurring any liability.
- (E) Upon any governmental prohibition or governmental required alteration of the services to be provided or any violation of an applicable law or regulation, the Company may immediately discontinue service without incurring any liability.

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Effective:

2.6 Payment Arrangements, (Cont'd.)

2.6.3 Discontinuance of Service for Cause

- (F) Without notice in the event of fraudulent use of the Company's network. The Customer will be liable for all related costs. The Customer will also be responsible for payment of any reconnection charges.
- (G) Without notice in the event of Customer use of equipment or services in such a manner as to adversely affect the Company's service to others.
- (H) Without notice in the event of tampering with the equipment or services furnished by the Company.
- (I) The Customer is responsible for providing adequate access lines to enable the Company to terminate all 800 Service calls to the Customer's telephone equipment. Should the Customer have insufficient access lines on which to terminate 800 Service calls, the Company reserves the right to request the Customer to add additional lines for call terminations. If, after ninety (90) days, the Customer has not made the requested change, the Company, without incurring any liability, reserves the right to terminate the Customer's 800 Service, with thirty (30) days written notice.

2.6.4 Notice to Company for Cancellation of Service

Customers desiring to terminate service shall provide the Company thirty (30) days written notice of desire to terminate service.

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Issued by:

2.6 Payment Arrangements, (Cont'd.)

2.6.5 Cancellation of Application for Service

- (A) Where the Company permits the Customer to cancel an application for service prior to the start of service or prior to any special construction, no charges will be imposed except for those specified below.
- (B) Where, prior to cancellation by the Customer, the Company incurs any expenses in installing the service or in preparing to install the service that it otherwise would not have incurred, a charge equal to the costs the Company incurred, less net salvage, shall apply, but in no case shall this charge exceed the sum of the charge for the minimum period of services ordered, including installation charges, and all charges others levy against the Company that would have been chargeable to the Customer had service begun.
- (C) Where the Company incurs any expense in connection with special construction, or where special arrangements of facilities or equipment have begun, before the Company receives a cancellation notice, a charge equal to the costs incurred, less net salvage, may apply. In such cases, the charge will be based on such elements as the cost of the equipment, facilities, and material, the cost of installation, engineering, labor, and supervision, general and administrative expense, other disbursements, depreciation, maintenance, taxes, provision for return on investment, and any other costs associated with the special construction or arrangements.
- (D) The special charges described in 2.6.5(A) through 2.6.5(C) will be calculated and applied on a case-by-case basis.

2.6.6 Changes in Service Requested

If the Customer makes or requests material changes in circuit engineering, equipment specifications, service parameters, premises locations, or otherwise materially modifies any provision of the application for service, the Customer's installation fee shall be adjusted accordingly.

2.6.7 Return Check Charge

A service charge equal to the greater of \$25.00 will be assessed in accordance with Arizona law for all checks returned by a bank or other financial institution for: Insufficient or uncollected funds, closed account, apparent tampering, missing signature or endorsement, or any other insufficiency or discrepancy necessitating return of the instrument at the discretion of the drawee bank or other financial institution.

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2.7 Allowances for Interruptions in Service

2.7.1 General

- (A) A credit allowance will be given when service is interrupted, except as specified in Section 2.7.2 following. A service is interrupted when it becomes inoperative to the Customer, e.g., the Customer is unable to transmit or receive, because of a failure of a component furnished by the Company under this tariff.
- (B) An interruption period begins when the Customer reports a service, facility or circuit to be inoperative and, if necessary, releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative.
- (C) If the Customer reports a service, facility or circuit to be interrupted but declines to release it for testing and repair, or refuses access to its premises for test and repair by the Company, the service, facility or circuit is considered to be impaired but not interrupted. No credit allowances will be made for a service, facility or circuit considered by the Company to be impaired.
- (D) The Customer shall be responsible for the payment of service charges as set forth herein for visits by the Company's agents or employees to the premises of the Customer when the service difficulty or trouble report results from the use of equipment or facilities provided by any party other than the Company, including but not limited to the Customer.

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2.7 Allowances for Interruptions in Service, (Cont'd.)

2.7.2 Limitations of Allowances

No credit allowance will be made for any interruption in service:

- (A) Due to the negligence of or noncompliance with the provisions of this tariff by any person or entity other than the Company, including but not limited to the Customer;
- (B) Due to the failure of power, equipment, systems, connections or services not provided by the Company;
- (C) Due to circumstances or causes beyond the reasonable control of the Company;
- (D) During any period in which the Company is not given full and free access to its facilities and equipment for the purposes of investigating and correcting interruptions;
- (E) A service will not be deemed to be interrupted if a Customer continues to voluntarily make use of the such service. If the service is interrupted, the Customer can get a service credit, use another means of communications provided by the Company (pursuant to Section 2.7.3), or utilize another service provider;
- (F) During any period when the Customer has released service to the Company for maintenance purposes or for implementation of a Customer order for a change in service arrangements;
- (G) That occurs or continues due to the Customer's failure to authorize replacement of any element of special construction; and
- (H) That was not reported to the Company within thirty (30) days of the date that service was affected.

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| 2.7 Allowances for Interruptions in Service, (Cont' | 2.7 | Allowances | for l | Interruptions | in | Service, | (Cont' | d. |
|---|-----|------------|-------|---------------|----|----------|--------|----|
|---|-----|------------|-------|---------------|----|----------|--------|----|

2.7.3 Use of Another Means of Communications

If the Customer elects to use another means of communications during the period of interruption, the Customer must pay the charges for the alternative service used.

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2.7 Allowances for Interruption in Service, (Cont'd.)

2.7.4 Application of Credits for Interruptions in Service

- (A) Credits for interruptions in service that is provided and billed on a flat rate basis for a minimum period of at least one month, beginning on the date that billing becomes effective, shall in no event exceed an amount equivalent to the proportionate charge to the Customer for the period of service during which the event that gave rise to the claim for a credit occurred. A credit allowance is applied on a pro rata basis against the rates specified hereunder and is dependent upon the length of the interruption. Only those facilities on the interrupted portion of the circuit will receive a credit.
- (B) For calculating credit allowances, every month is considered to have thirty (30) days.
- (C) A credit allowance will be given for interruptions of thirty (30) minutes or more. Two or more interruptions of fifteen (15) minutes or more during any one 24-hour period shall be combined into one cumulative interruption.

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2.7 Allowances for Interruption in Service, (Cont'd.)

2.7.4 Application of Credits for Interruptions in Service, (Cont'd.)

(D) Interruptions of 24 Hours or Less

| Length of Interruption | Amount of Service To Be Credited |
|--|-------------------------------------|
| Less than 30 minutes | None |
| 30 minutes up to but not including 3 hours | 1/10 Day |
| 3 hours up to but not including 6 hours | 1/5 Day |
| 6 hours up to but not including 9 hours | 2/5 Day |
| 9 hours up to but not including 12 hours | 3/5 Day |
| 12 hours up to but not including 15 hours | 4/5 Day |
| 15 hours up to but not including 24 hours | One Day |

(E) Interruptions Over 24 Hours and Less Than 72 Hours

Interruptions over 24 hours and less than 72 hours will be credited 1/5 day for each 3-hour period or fraction thereof. No more than one full day's credit will be allowed for any period of 24 hours.

(F) Interruptions Over 72 Hours

Interruptions over 72 hours will be credited 2 days for each full 24-hour period. No more than thirty (30) days credit will be allowed for any one month period.

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2.7 Allowances for Interruption in Service, (Cont'd.)

2.7.5 Limitations on Allowances

No credit allowance will be made for:

- (A) interruptions due to the negligence of or noncompliance with the provisions of this tariff by the Customer, authorized user or joint user;
- (B) interruptions due to the negligence of any person other than the Company, including but not limited to the Customer;
- (C) interruptions of service during any period in which the Company is not given full access to its facilities and equipment for the purpose of investigating and correcting interruptions;
- (D) interruptions of service during a period in which the Customer continues to use the service on an impaired basis;
- (E) interruptions of service during any period when the Customer has released service to the Company for maintenance purposes or for implementation of a Customer order for a change in service arrangements;
- (F) interruption of service due to circumstances or causes beyond the reasonable control of Company; and
- (G) that occur or continue due to the Customer's failure to authorize replacement of any element of special construction.

2.7.6 Cancellation For Service Interruption

Cancellation or termination for service interruption is permitted only if any circuit experiences a single continuous outage of eight (8) hours or more or cumulative service credits equaling sixteen (16) hours in a continuous twelve (12) month period. The right to cancel service under this provision applies only to the single circuit which has been subject to the outage or cumulative service credits.

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2.8 Cancellation of Service/Termination Liability

If a Customer cancels a service order or terminates services before the completion of the term for any reason other than a service interruption (as defined in Section 2.7.1) or where the Company breaches the terms in the service contract, Customer may be requested by the Company to pay to Company termination liability charges, which are defined below. These charges shall become due and owing as of the effective date of the cancellation or termination and be payable within the period set forth in Section 2.6.2.

2.8.1 Termination Liability

Customer's termination liability for cancellation of service shall be equal to:

- (A) all unpaid nonrecurring charges reasonably expended by Company to establish service to Customer, plus;
- (B) any disconnection, early cancellation or termination charges reasonably incurred and paid to third parties by Company on behalf of Customer, plus;
- (C) all recurring charges specified in the applicable Service Order for the balance of the then current term discounted at the prime rate announced in the Wall Street Journal on the third business day following the date of cancellation;
- (D) minus a reasonable allowance for costs avoided by the Company as a direct result of Customer's cancellation.

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2.9 Customer Liability for Unauthorized Use of the Network

Unauthorized use of the network occurs when a person or entity that does not have actual, apparent, or implied authority to use the network, obtains the Company's services provided under this tariff.

2.9.1 Customer Liability for Fraud and Unauthorized Use of the Network

- (A) The Customer is liable for the unauthorized use of the network obtained through the fraudulent use of a Company calling card, if such a card is offered by the Company, or an accepted credit card, provided that the unauthorized use occurs before the Company has been notified.
- (B) A Company calling card is a telephone calling card issued by the Company at the Customer's request, which enables the Customer or user(s) authorized by the Customer to place calls over the Network and to have the charges for such calls billed to the Customer's account.

An accepted credit card is any credit card that a cardholder has requested or applied for and received, or has signed, used, or authorized another person to use to obtain credit. Any credit card issued as an renewal or substitute in accordance with this paragraph is an accepted credit card when received by the cardholder.

- (C) The Customer must give the Company written or oral notice that an unauthorized use of a Company calling card or an accepted credit card has occurred or may occur as a result of loss, and/or theft.
- (D) The Customer is responsible for payment of all charges for calling card services furnished to the Customer or to users authorized by the Customer to use service provided under this tariff, unless due to the negligence of the Company. This responsibility is not changed due to any use, misuse, or abuse of the Customer's service or Customer-provided equipment by third parties, the Customer's employees, or the public.

The liability of the Customer for unauthorized use of the Network by credit card fraud will not exceed the lesser of fifty dollars (\$50.00) or the amount of money, property, labor, or services obtained by the unauthorized user before notification to the Company.

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2.10 Use of Customer's Service by Others

2.10.1 Resale and Sharing

SECTION 2.10.1 IS AVAILABLE ONLY TO CARRIERS WHICH ARE CERTIFIED BY THE ARIZONA PUBLIC SERVICE TO PROVIDE INTRASTATE LOCAL EXCHANGE SERVICES

There are no prohibitions or limitations on the resale of services. Prices for services appear in the price sheet attached to this tariff. Any service provided under this tariff may be resold to or shared with other persons at the option of Customer, subject to compliance with any applicable laws of the Arizona Public Service Commission regulations governing such resale or sharing. The Customer remains solely responsible for all use of services ordered by it or billed to its telephone number(s) pursuant to this tariff, for determining who is authorized to use its services, and for notifying the Company of any unauthorized use.

2.10.2 Joint Use Arrangements

Joint use arrangements will be permitted for all services provided under this tariff. From each joint use arrangement, one member will be designated as the Customer responsible for the manner in which the joint use of the service will be allocated. The Company will accept orders to start, rearrange, relocate, or discontinue service only from the Customer. Without affecting the Customer's ultimate responsibility for payment of all charges for the service, each joint user shall be responsible for the payment of the charges billed to it.

2.11 Transfers and Assignments

Neither the Company nor the Customer may assign or transfer its rights or duties in connection with the services and facilities provided by the Company without the written consent of the other party, except that the Company may assign its rights and duties to(a) any subsidiary, parent company or affiliate of the Company; (b) pursuant to any sale or transfer of substantially all the assets of the Company; or (c) pursuant to any financing, merger or reorganization of the Company.

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2.12 Notices and Communications

- 2.12.1 The Customer shall designate on the service order an address to which the Company shall mail or deliver all notices and other communications, except that Customer may also designate a separate address to which the Company's bills for service shall be mailed.
- 2.12.2 The Company shall designate on the service order an address to which the Customer shall mail or deliver all notices and other communications, except that Company may designate a separate address on each bill for service to which the Customer shall mail payment on that bill.
- 2.12.3 Except as otherwise stated in this tariff, all notices or other communications required to be given pursuant to this tariff will be in writing. Notices and other communications of either party, and all bills mailed by the Company, shall be presumed to have been delivered to the other party on the third business day following placement of the notice, communication or bill with the U.S. Mail or a private delivery service, prepaid and properly addressed, or when actually received or refused by the addressee, whichever occurs first.
- 2.12.4 The Company or the Customer shall advise the other party of any changes to the addresses designated for notices, other communications or billing, by following the procedures for giving notice set forth herein.

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2.13 Protection of Proprietary Information

The Company and the Customer shall protect the proprietary information of one another under the following terms:

Proprietary information includes, but is not limited to, specifications, drawings, sketches, models, samples, data, computer programs and other software or documentation of the Company or the Customer that is furnished or available or otherwise disclosed to the other party in the course of providing services of the Company to the Customer.

- 2.13.1 Proprietary information shall be returned to the disclosing party upon request. Unless proprietary information was previously known to the receiving party free of any obligation to keep it confidential or has been or is subsequently made public by an act not attributable to the receiving party, or is explicitly agreed to in writing not be regarded as confidential, it: (a) shall be held in confidence by the receiving party and its employees, contractors and agents; (b) shall be disclosed only to those employees, contractors, agents, or affiliates who have a need for it in connection with this the provision of the Company's service to the Customer and shall be used only for such purposes; and (c) may be used for other purposes only upon such terms and conditions as may be agreed upon in writing by the Customer and American MetroComm Long Distance Corp.. If information marked proprietary and given to the receiving party was previously known to the receiving party and if the receiving party had no obligation to keep such information confidential, the receiving party shall immediately notify the disclosing party of such prior knowledge. Neither the Company nor the Customer shall disclose, disseminate or release any proprietary information to any one who is not an employee, contractor, agent or affiliate having a need for it in connection with the provision of service by the Company to the Customer. The receiving party shall require any person not its employee or affiliate to whom it discloses proprietary information to sign an agreement to protect that proprietary information to the same extent the receiving party is obliged to protect that information under this section prior to disclosing any proprietary information.
- 2.13.2 Neither the Customer nor the Company shall be held liable for any errors or omissions in any proprietary information or for any loss or damage arising out of the other party's use of any such proprietary information.

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2.13 Protection of Proprietary Information, (Cont'd.)

- 2.13.3 The Company and the Customer shall give notice to the other party of any demands to disclose or provide proprietary information under lawful process prior to disclosing or furnishing such proprietary information and shall cooperate in seeking reasonable protective arrangements requested by the other party. Either party may disclose or provide information of the other party requested by a government agency having jurisdiction over the party; provided that the party makes all reasonable efforts to obtain protective arrangements satisfactory to the party owning the proprietary information; and provided that the party owning the proprietary information may not unreasonably withhold approval of protective arrangements.
- 2.13.4 Unless otherwise authorized by the disclosing party, no rights whatsoever are granted, by license or otherwise, with respect to proprietary information except as needed for the purposes implementation of services contemplated in this Price List.
- 2.13.5 In the event that the Customer or the Company disseminates or releases any proprietary information received from the other party in violation of this section, the other party may refuse to provide any further proprietary information and may demand prompt return of all proprietary information previously provided. Such refusal to provide any further proprietary information shall not constitute violation of this Price List.
- **2.13.6** Interconnection standards that either the Customer or the Company has a legal obligation to provide shall not be considered proprietary.
- 2.13.7 Obligations concerning protection of proprietary information as described in this section exceed the term of service under this Price List for one (1) year.

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2.14 Application of Business Rates

The use of business facilities and service is restricted to the Customer, Customers, agents and representatives of the Customer, and joint users. Business rates apply to service furnished:

- (1) In office buildings, stores, factories and all other places of a business nature;
- In hotels, apartment houses, clubs and boarding and rooming houses except when service is within the Customer's domestic establishment and no business listings are provided; colleges, hospitals and other institutions; and in churches except when service is provided to an individual of the clergy for personal use only and business service is already established for the church at the same location;
- (3) At any location when the listing or public advertising indicates a business or a profession;
- (4) At any location where the service includes an extension which is at a location where business rates apply unless the extension is restricted to incoming calls;
- (5) At any location where the Customer resells or shares exchange service;

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2.15 Telephone Number Changes

The Company reserves all rights to any telephone number assigned to a Customer for local service.

When service in an existing location is continued for a new Customer, the existing number may be retained by the new Customer only if the former Customer consents in writing, and if all charges against the account are paid or assumed by the new Customer.

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SECTION 3.0 - SERVICE AREAS

3.1 Exchange Service Areas

Local exchange services are provided, subject to availability of facilities and equipment, in areas currently served by the following Incumbent LEC: U.S. West. These Exchange Service Areas are defined the Section 5.1.1 of the U.S. West Communications Arizona Exchange and Network Services Tariff.

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SECTION 3.0 - SERVICE AREAS, (CONT'D.)

3.2 Rate Groups

Charges for local services provided by the Company may be based, in part, on the Rate Group associated with the Customers End Office. The Rate Group is determined by the total access lines and PBX trunks in the local calling area which can be reached from each End Office.

In the event that an Incumbent LEC or the Arizona Public Service Commission reclassifies an exchange or End Office from one Rate Group to another, the reclassification will also apply to American MetroComm Long Distance Corp. Customers who purchase services under this tariff. Local calling areas and Rate Group assignments are equivalent to those areas and groups specified in BellSouth Telecommunications, Inc. Arizona General Subscriber Service Tariff ("GSST"). The rate groups by exchange are noted in Section 3.1 above.

| Rate Group | Exchange Access Lines and Trunks In Local Calling Area - Upper Limit |
|---------------|--|
| 1 | |
| 2 | |

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Michael Henry, Chief Executive Officer 1615 Poydras Street, Suite 1050 New Orleans, LA 70112

SECTION 4.0 - SERVICE CHARGES AND SURCHARGES

4.1 Service Charges and Surcharges - General

- 4.1.1 The line connection charge (first line and/or additional line) applies for establishing an exchange access line or trunk. The charge includes service ordering, central office work, exchange access line work and a standard voice miniature six position network interface.
- **4.1.2** The line charge (first line and/or additional line) applies per line to miscellaneous Customer requested changes on an existing service for, but not limited to, number change and suspend/restore.
- 4.1.3 The secondary service charge applies per Customer request for the receiving, recording, and processing of Customer requests to change services or add new or additional services.
- 4.1.4 The premise work charge is a nonrecurring charge based on the labor time and miscellaneous materials required to rearrange the drop wire, protector and/or network interface.

4.2 Service Order and Change Charges-Maximums

Nonrecurring charges apply to processing Service Orders for new service, for changes in service, and for changes in the Customer's primary interexchange carrier (PIC) code.

| | Maximum |
|--------------------------------|----------|
| Line Connection Charge | Business |
| First Line | \$ |
| Each Additional Line | \$ |
| Line Change Charge | |
| First Line | \$ |
| Each Additional Line | \$ |
| Secondary Service Order Charge | \$ |
| Premise Work Charge | |
| First 15 minutes | \$ |
| Premise Work Charge | |
| Additional 15 minutes | |
| or fraction thereof | \$ |

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SECTION 4.0 - SERVICE CHARGES AND SURCHARGES, (CONT'D.)

4.3 Maintenance Visit Charges-Maximums

Maintenance Visit Charges apply when the Company dispatches personnel to a Customer's premises to perform work necessary for installing new service, effecting changes in service or resolving troubles reported by the Customer when the trouble is found to be caused by the Customer's facilities.

Maintenance Visit Charges will be credited to the Customer's account in the event trouble is not found in the Company facilities, but the trouble is later determined to be in those facilities.

The time period for which the Maintenance Visit Charges is applied will commence when Company personnel are dispatched at the Customer premises and end when work is completed. The rates for Maintenance of Service vary by time per Customer request.

Duration of time, per technician

| Ţ | Maximum Business |
|---|------------------|
| | \$ |
| | \$ |

- Initial 15 minute increment

- Each Additional 15 minute increment increment or fraction thereof

4.4 Restoration of Service-Maximums

A restoration charge applies to the restoration of suspended service and facilities because of nonpayment of bills and is payable at the time that the restoration of the suspended service and facilities is arranged. The restoration charge does not apply when, after disconnection of service, service is later re-installed.

Maximum Business

Per occasion

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Effective: Michael Henry, Chief Executive Officer

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SECTION 5.0 - NETWORK SERVICES DESCRIPTIONS

5.1 General

5.1.1 Services Offered

The following Network Services are available to residence/business Customers and for resale by other carriers certificated by the Arizona Public Service Commission:

Pay Telephone Services
Operator Services
Directory Assistance
Listing Services (including Non Published and Non-Listed Services)
Miscellaneous Services

5.1.2 Application of Rates and Charges

All services offered in this tariff are subject to service order and change charges where the Customer requests new services or changes in existing services, as well as indicated Nonrecurring and Monthly Recurring Charges. Charges for local calling services may be assessed on a measured rate basis and are additional to monthly recurring charges shown for Business lines and Pay Telephone Services.

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SECTION 5.0 - NETWORK SERVICES DESCRIPTIONS, (CONT'D.)

5.1 General, (Cont'd.)

5.1.3 Emergency Services Calling Plan

Access (at no additional charge) to the local operator or emergency services bureau by dialing 0- or 9-1-1 is offered at no charge to the Customer.

Message toll telephone calls, to governmental emergency service agencies as set forth in (A) following, having primary or principal responsibility with respect to the provision of emergency services to persons and property in the area from which the call is made, meeting the definition and criteria of an emergency call as set forth in (B) following are offered at no charge to Customers:

- A. Governmental fire fighting, Arizona State Highway Patrol, police, and emergency squad service (as designated by the appropriate governmental agency) qualify as governmental emergency service agencies provided they answer emergency service calls on a personally attended (live) twenty-four (24) hour basis, three hundred sixty-five (365) days a year, including holidays.
- B. An emergency is an occurrence or set of circumstances in which conditions pose immediate threat to human life, property, or both and necessitate that prompt action be taken. An emergency call is an originated call of short duration to a governmental emergency services agency in order to seek assistance for such an emergency.

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SECTION 5.0 - NETWORK SERVICES DESCRIPTIONS, (CONT'D.)

5.2 Call Timing for Usage Sensitive Services

Where charges for a service are specified based on the duration of use, such as the duration of a telephone call, the following rules apply:

- 5.2.1 Calls are measured in durational increments identified for each service. All calls which are fractions of a measurement increment are rounded-up to the next whole unit.
- 5.2.2 Timing on completed calls begins when the call is answered by the called party. Answering is determined by hardware answer supervision in all cases where this signaling is provided by the terminating local carrier and any intermediate carrier(s).
- 5.2.3 Timing terminates on all calls when the calling party hangs up or the Company's network receives an off-hook signal from the terminating carrier.
- 5.2.4 Calls originating in one time period and terminating in another will be billed in proportion to the rates in effect during different segments of the call.
- 5.2.5 All times refer to local time.

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5.3 Distance Calculations

Where charges for a service are specified based upon distance, the following rules apply:

- 5.3.1 Distance between two points is measured as airline distance between the rate centers of the originating and terminating telephone lines. The rate center is a set of geographic coordinates, as referenced in Local Exchange Routing Guide issued by Bellcore, associated with each NPA-NXX combination (where NPA is the area code and NXX is the first three digits of a seven-digit telephone number). Where there is no telephone number associated with an access line on the Company's network (such as a dedicated 800 or WATS access line), the Company will apply the rate center of the Customer's main billing telephone number.
- **5.3.2** The airline distance between any two rate centers is determined as follows:
 - Step 1: Obtain the "V" (vertical) and "H" (horizontal) coordinates for each Rate Center from the above-referenced Bellcore document.
 - Step 2: Compute the difference between the "V" coordinates of the two rate centers; and the difference between the two "H" coordinates.
 - Step 3: Square each difference obtained in step (2) above.
 - Step 4: Add the square of the "V" difference and the square of the "H" difference obtained in step (3) above.
 - Step 5: Divide the sum of the squares by 10. Round to the next higher whole number if any fraction is obtained.
 - **Step 6:** Obtain the square root of the whole number result obtained above. Round to the next higher whole number if any fraction is obtained. This is the airline mileage.
- **5.3.3** The formula for distance calculations is:

$$\sqrt{\frac{(V_1 - V_2)^2 + (H_1 - H_2)^2}{10}}$$

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5.4 Rate Periods for Time of Day Sensitive Services

5.4.1 For time of day, usage sensitive services, the following rate periods apply unless otherwise specified in this tariff:

| | MON | TUES | WED | THUR | FRI | SAT | SUN |
|---------------|---------|------------|-----------|---------|--------|-----|-----|
| 8:00 AM TO | | ID A SZTER | ATE DIATE | nenton | | | |
| 5:00 PM* | | DATIIN | IE RATE | PERIOD | | | 4 |
| 5:00 PM | | | | | | | |
| ТО | | EVENIN | IG RATE | PERIOD | | | EVE |
| 11:00 PM* | <u></u> | | | | | | |
| 11:00 PM | | \ T.C | | | | | |
| TO | | NIG | HT/WEE | KEND RA | TE PER | IOD | |
| 8:00 AM* | | * | | | | | |

| | MON | TUES | WED | THUR · | FRI | SAT | SUN |
|---------------|---------|------|----------|----------|-----|-----|------|
| 7:00 AM | | | DE 417 | | | | |
| TO 7.00 PM (* | | | PEAK | | | WEE | KEND |
| 7:00 PM* | <u></u> | | | | | | |
| 7:00 PM | | _ | | | | | |
| TO | | (|)FF-PEAI | ζ. | | | |
| 7:00 AM* | | | | <u> </u> | | l | |

^{*} Up to but not including.

- 5.4.2 Calls are billed based on the rate in effect for the actual time period(s) during which the call occurs. Calls that cross rate period boundaries are billed the rates in effect in that boundary for each portion of the call, based on the time of day at the Customer location.
- 5.4.3 For services subject to holiday discounts, the following are Company recognized national holidays, determined at the location of the calling station. The evening rate is used on national holidays, unless a lower rate normally would apply.

New Year's Day - January 1 Independence Day - July 4 Christmas Day - December 25

Thanksgiving Day - As Federally Observed Memorial Day - As Federally Observed

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5.5 Listing Services

For each Customer of Company-provided Exchange Service(s), the Company shall arrange for the listing of the Customer's main billing telephone number in the directory(ies) published by the dominant Local Exchange Carrier in the area at no additional charge. At a Customer's option, the Company will arrange for additional listings for an additional charge.

5.5.1 Non-Published Service

This optional service provides for suppression of printed and recorded directory listings. A Customer's name and number do not appear in printed directories or Directory Assistance Bureau records.

5.5.2 Non-Listed Service

This optional service provides for suppression of printed directory listings only. Parties may still obtain the Customer's number by calling the Directory Assistance Bureau.

5.6 Directory Assistance

Provides for identification of telephone directory numbers, via an operator or automated platform. Customers are provided with a maximum of 2 listings per each call to Directory Assistance.

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5.7 Operator Services

Provides for live or automated operator treatment when a Customer dials "0". Operator Services can be used to assist the Customer in routing or billing for a call. Billing options include, but are not limited to, bill to originating telephone number, calling card, collect or to a third party.

Long Distance Services are available from the Company pursuant to terms, conditions, regulations and rates as provided for in this tariff. Service is available for use by Customers twenty-four (24) hours a day. American MetroComm Long Distance Corp. Long Distance Service enables a User of an exchange access line to place calls to any station on the public switched telecommunications network bearing an NPA-NXX designation associated with points outside the Customer's Local Calling Area. American MetroComm Long Distance Corp. Long Distance Service is offered for both interLATA and interLATA calling. Customers must arrange for intraLATA and interLATA service from the interexchange carriers of their choice. Customers may choose the Company as their carrier for intraLATA calls and interLATA calls.

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5.8 Miscellaneous Services

5.8.1 Presubscription Services

This service provides for the Presubscription of local exchange lines provided by the Company to the intraLATA and interLATA long distance carrier(s) selected by the Customer.

5.9 Pay Telephone Services

Refer to Section 6.0 of this tariff for descriptions of Pay Telephone Service offered by the Company.

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SECTION 6.0 - PAYPHONE SERVICE

6.1 Public Telephone Service

6.1.1 General

Public Telephone Services provide a Payphone Provider ("PP") with a connection to the Company's switching network for the purpose of accessing services and features provided by the Company on Federal Communications Commission (FCC) registered Customerowned Coin Operated Telephones (COCOTs) and Customer-owned coinless telephones.

Public Telephone Services consists of two primary service offerings and service features that can be added at the option of the PP. The two primary service offerings are Pay Telephone Access Line Service and Smart Line Service. These service offerings are explained at sections 6.2 and 6.3. Optional services to enhance the two service offerings are Blocking, Operator Screening and Coin Refund & Referral Services. These optional service offerings are explained at section 6.4.

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6.1 Public Telephone Service, (Cont'd.)

6.1.2 Rules, Responsibility and Limitations

- (A) Subscribers to Public Telephone Service are subject to the rates, rules and regulations as specified elsewhere in this tariff, as well as the regulations of the Arizona Public Service Commission.
- (B) Public Telephone Service will be provided only to Aggregators certificated by the Arizona Public Service Commission. Proof of certification is required prior to installation of service. Service will be disconnected should the Company determine that the Aggregator is no longer certified or has had certification revoked for any reason.
- (C) Aggregators subscribing to the Company's CPPT Lines are responsible for compliance with the Commission's "Regulations for Operator and Pay Telephone Services" and any other rules or regulations the Commission may require.
- (D) The Company will not be responsible for the operation, maintenance, coin refund, or coin collection of any Payphone Provider (PP) telephones or equipment nor will Company employees offer operating instructions for PP telephones or equipment.
- (E) The PP is responsible for payment of a Trouble Location Charge, as specified in Section 4 of this tariff, for each visit by the Company to the premises of the PP client where the service difficulty or trouble reports result from the use of equipment or facilities provided by the PP.
- (F) The PP is responsible for meeting all federal, state and local statutes with respect to provision of Customer-provided telephones in accordance with all hearing impaired and handicapped person requirements.
- (G) The Company will take action, including the disconnection of service, as necessary for violation of this price list.
- (H) Suspension of service is not available to Public Telephone Service unless all factors indicate that the PP telephone is located within an establishment which is temporarily closed and that the instrument is totally inaccessible to the general public. In all cases, the decision to permit temporary suspension of service rests with the Company.

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6.1 Public Telephone Service, (Cont'd.)

6.1.2 Rules, Responsibility and Limitations, (Cont'd.)

- (I) All PP telephones are required to ring at a level acceptable to the Commission and to receive incoming calls at no charge, except those placed in hospitals, schools, correctional institutions and others for which a specific exemption may be granted.
- (J) A listing in the white pages section of the exchange directory may be provided in connection with Public Telephone Service. The PP may choose to have nonpublished telephone numbers in lieu of a directory listing at no additional charge. Additional listings will be provided at rates specified in Section 8 of this tariff. The Public Telephone Service client may be listed in the exchange directory in lieu of the PP at the rate of an Additional Listing as noted in Section 8 of this tariff.
- (K) Unless otherwise permitted by Commission rule or order, only one Pay Telephone instrument may be connected to each CPPT line.
- (L) The PP who elects to allow access to international calling is responsible for fraud and any other calling schemes that may occur.
- (M) The PP is responsible for payment of charges of all toll messages originating from or accepted the PP telephones or equipment.
- (N) Unless otherwise permitted by Commission rule or order, 0- local operator assisted calls must be routed to the Company's operators.
- (O) The Company shall not be responsible for calls that cannot be completed as a result of repair or maintenance difficulties on Company facilities and equipment nor on equipment owned by the subscriber.
- (P) The Company shall not be liable for shortages of coins collected and deposited at the PP equipment. The limit of the Company's liability for end user fraud of whatever nature occurring at or in association with the subscriber's equipment shall be governed by the provisions of this tariff and rule or regulation of the Commission. In case of a conflict, the rule or regulation will prevail.

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6.1 Public Telephone Service, (Cont'd.)

6.1.3 Optional Features

Optional blocking and screening features are available to PP as noted at Section 6.4 of this tariff. These features are available to subscribers of Pay Telephone Access Line Service or Smart Line Service.

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6.2 Pay Telephone Access Line Service

6.2.1 General

The Company provides access lines ("CPPT Lines") for connection of Aggregator-provided Pay Telephone equipment to the public switched network. CPPT Lines provide the Aggregator with a single, analog, voice-grade telephonic communications channel which can be used to place or receive one call at a time. CPPT Lines are provided on a single party (individual) basis only. No multi-party lines are provided.

Recurring charges for CPPT lines are billed monthly in advance. Usage charges, if applicable are billed in arrears. Usage charges may apply for calls placed from the CPPT Line subscribed to by the Aggregator. No usage charges will apply to calls received by the Customer. Nonrecurring charges for installation or rearrangement of service are billed on the next month's bill immediately following work performed by the Company.

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6.2 Pay Telephone Access Line Service, (Cont'd.)

6.2.2 Rates and Charges-Maximums

Service for Public Telephone Access Service is provided on a measured rate basis only, through the regular measured plan or Area Plus Service plan shown on the following pages. The rate components consist of a dial tone line and usage charges. Each Access Line is provided with touch-tone signaling at no additional charge. Calls placed to Directory Assistance from CPPT Lines will be billed to the Customer at rates and charges found in Section 8.0 of the tariff.

(A) Regular Measured Plan

(1) Dial Tone Line Rates-Maximums

| | SERVICE TYPE |
|------------|-----------------|
| RATE GROUP | Flat Rate |
| Group 1 | \$ |
| Group 2 | \$ |

(2) Usage Charges-Maximums

| | Initial Minute | Additional Minutes |
|----------|----------------|-----------------------|
| Peak | \$ | \$ |
| Off Peak | \$ | \$ |

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- 6.2 Pay Telephone Access Line Service, (Cont'd.)
 - 6.2.2 Rates and Charges-Maximums, (Cont'd.)
 - (B) Area Plus Plan-Maximums
 - (1) Dial Tone Line Rates

The dial tone line rate is as follows:

Monthly charge, all rate groups

\$

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6.2 Pay Telephone Access Line Service, (Cont'd.)

6.2.2 Rates and Charges-Maximums, (Cont'd.)

- (2) Usage Charges-Maximums, (Cont'd.)
 - (B) Area Plus Plan-Maximums, (Cont'd.)

(2) Usage Charges-Maximums

The normal billable usage limit does not apply for Public Telephone Access Service (or for Smartline service). Either of package (1) or (2) that follow can be chosen:

| | Initial Minute | Additional Minutes |
|----------|----------------|-----------------------|
| Peak | \$ | \$ |
| Off Peak | \$ | \$ |

Package 1: The rate is \$ per month and a 20% discount applies to all usage charges.

Package 2: The rate is \$ per month, there is a \$20.00 usage allowance and a 50% discount applies to all time periods.

6.2.3 Optional Features

Optional features are available to PP as noted at Section 6.4 of this tariff.

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6.3 Smart Line Service

6.3.1 General

Smart Line Service (SLS) is a standard dial tone first coin line for PP. Dial tone firms enables end users to dial certain calls without requiring coin deposits. Some of these types of calls that do not require coin deposits include 911 calls, local directory assistance calls and non-sent paid calls. The service is available from central offices where facilities are available.

SLS is provided on a two-way basis, except lines placed in correctional institutions, schools, hospitals and other locations for which a specific exemption has been granted by the Public Service Commission. There is no charge for incoming calls.

Recurring charges for SLS lines are billed monthly in advance. Usage charges, if applicable are billed in arrears. Usage charges may apply for calls placed from the SLS Line subscribed to by the Aggregator. No usage charges will apply to calls received by the Customer. Nonrecurring charges for installation or rearrangement of service are billed on the next month's bill immediately following work performed by the Company.

Features in SLS include:

- (1) Central office blocking of 900, 976 and N11 calls.
- (2) Operator Call Screening to alert the operator and carrier systems that the call is originating from a SLS line and may require special handling and billing treatment.
- (3) Coin signaling (coin collect and coin return). Coin collect is used when a call has been completed. Coin return is used if a no answer or busy condition is encountered.
- (4) Standard recorded announcements will be utilized.

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6.3 Smart Line Service, (Cont'd.)

6.3.2 Handling Different Types of Traffic

- (1) The Company's operator system will handle 0-, 0+ and 1+ intraLATA toll calls carried by the Company and 0+ local calls from CLS lines. All 10XXX 0+ dialed intraLATA toll calls will be routed to the dialed carrier.
- (2) Sent paid interLATA, interstate and international calls originating from CLS lines, including but not limited to 1+, 10XXX1+, 011+, 10XXX011+ and 10XXX0- will be forwarded to AT&T for coin rating and completion. When other interexchange carriers provide sent paid service, 1+ presubscription intraLATA and/or interLATA calls will be permitted. Special billing/coin sharing arrangements between the PP and their respective interexchange carrier(s) will be the responsibility of the PP.
- (3) All 0+ intraLATA and/or interLATA calls will be routed to the PP's presubscribed interexchange carrier(s).
- (4) Sent paid local calls will be rated by the PP's equipment.
- Operator handled sent paid local calls will be rated to the end user at the rate set forth in Section 7 of this tariff.

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6.3 Smart Line Service, (Cont'd.)

6.3.3 Rates and Charges-Maximums

Fixed rate lines will be converted to the usage based service, as it becomes available. Each SLS line is provided with touch-tone signaling at no additional charge. Nonrecurring charges for installation or rearrangement of service applies at the rates noted in section 4 of this tariff.

Monthly charge, all rate groups

\$

(A) Smart Line Service - Usage Based Service

(1) Dial Tone Line Rates-Maximums

Monthly charge, all rate groups

\$

(2) Usage Charges-Maximums

The normal billable usage limit does not apply for Public Telephone Access Service (or for Smartline service). Either of package (1) or (2) that follow can be chosen:

| | Initial Minute | Additional Minutes |
|----------|----------------|--------------------|
| Peak | \$ | \$ |
| Off Peak | \$ | \$ |

Package 1: The rate is \$ per month and a 20% discount applies to all usage charges.

Package 2: The rate is \$ per month, there is a \$20.00 usage allowance and a 50% discount applies to all time periods.

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| 6.3 | Smart | Line | Service, | (Cont'd.) |
|-----|-------|------|----------|-----------|
|-----|-------|------|----------|-----------|

6.3.4 Optional Features

Optional features are available to PP as noted at Section 6.4 of this tariff.

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6.4 Optional Pay Telephone Features

6.4.1 Blocking and Screening Features-Maximums

| Screening Options A&B-Unrestricted Service: provided. | No blocking or screening |
|---|--------------------------|
| | Maximum Monthly Rate |
| Screening Option A, Per Two-Way Line | \$ |
| Screening Option B, Per Outward Line | \$ |

Screening Options C&D: Provides screening information to the operator to prevent operator assisted sent-paid calls from being billed to the line. It also provides central office blocking of 011+ calls, which provides blocking of calls to 011+ international direct distance dialed numbers outside the North American Numbering Plan.

| | Maximum Monthly Rate |
|--------------------------------------|----------------------|
| Screening Option C, Per Two-Way Line | \$ |
| Screening Option D, Per Outward Line | \$ |

Screening Options E&F: Provides screening information to the operator to prevent operator assisted sent-paid calls from being billed to the line. It also provides blocking of calls to 011+ international direct distance dialed numbers outside the North American Numbering Plan and blocking of calls to 1+900, seven digit local, 1+ DDD and 976 calls.

| | Maximum Monthly Rate |
|--------------------------------------|----------------------|
| Screening Option E, Per Two-Way Line | \$ |
| Screening Option F, Per Outward Line | \$ |

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6.4 Optional Pay Telephone Features, (Cont'd.)

6.4.1 Blocking and Screening Features, (Cont'd.)

Screening Options G&H: Provides screening information to the operator to prevent operator assisted sent-paid calls from being billed to the line. It also provides blocking of calls to 011+ international direct distance dialed numbers outside the North American Numbering Plan and blocking of calls to 1+900 Provides screening information to the operator to prevent operator assisted sent-paid calls from being billed to the line. It also provides and 976 calls.

| | Maximum Monthly Rate |
|--------------------------------------|----------------------|
| Screening Option G, Per Two-Way Line | \$ |
| Screening Option H, Per Outward Line | \$ |

Screening Option I: With this option, third number or collect calls which would be billed to Public Telephone Access Service for CPE are blocked.

| | Maximum Monthly Rate |
|--------------------------------------|----------------------|
| Screening Option I, Per Outward Line | \$ |
| Screening Option I, Per Two-Way Line | \$ |

Screening Option J: With this option, International Call Blocking provides a discrete end user service that blocks only international direct-dialed sequences (011+,1010XXX+011+and 101XXXX+011+).

| | Nonrecurring |
|--------------------------------------|--------------|
| Screening Option J, Per Outward Line | \$ |
| Screening Option J, Per Two-Way Line | \$ |

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6.4 Optional Pay Telephone Features, (Cont'd.)

6.4.2 Coin Refund & Referral Service (CRS)

Coin Refund and Referral Service provides handling of refund requests and repair referrals generated by the end users of PP public telephones. End users may request refunds for coins lost during an attempt to place local, intraLATA or interLATA calls and/or submit trouble reports. Coin refund and referral service is available on PP lines outside of confinement facilities which also subscribe to Operator Screening and is also available on SmartLines. The following rates are the PP provider's responsibility:

(A) CRS -Option A-Maximums: The Company operator will take the refund request from the end user and forward the information to the PP.

Maximum Charge per referral

\$

(B) CRS-Option B-Maximums: The Company operator will take the refund request from the end user. If the request is for a credit to the end user's account with the Company, the operator will issue the credit. Any other refund request will be forwarded to the PP for processing.

Maximum Charge Per referral \$
Maximum Charge Per credit \$

(C) CRS-Option C-Maximums: The Company operator will take the refund requests from the end user and will issue a credit or draft as requested by the end user.

Maximum Charge Per credit \$
Maximum Charge Per draft \$

(D) CRS -Option D-Maximums:

Maximum Charge Repair Referral, Per referral \$

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SECTION 7.0 - OPERATOR SERVICES

7.1 General

Customers may subscribe to intraLATA and interLATA long distance services offered by the Company. Customers have the option of selecting another carrier as their primary intraLATA and/or interLATA long distance carrier if requested.

7.2 Basic Long Distance Charges - Maximums

Basic Long Distance Service is offered to business Customers for both inbound and outbound, intraLATA and interLATA, calling over standard switched lines. Calls are billed in six (6) second increments after an initial minimum call duration of thirty (30) seconds.

Usage Charges:

Maximum per minute rate:

\$

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SECTION 7.0 - OPERATOR SERVICES, (CONT'D.)

7.3 Operator Assisted Service

Calls are billed in one minute increments. The minimum call duration for billing purposes is one minute. Call charges are computed on a per call basis; computations that result in fractional cents are rounded to the next full cent.

7.3.1 Usage Charges-Maximums

(A) Local IntraLATA Service

| Rate | | | Rate Period Night/Weekend Ra | | kend Rate | |
|---------|--------------------|---------------------|------------------------------|-------------------------|-------------------|-------------------------|
| Mileage | Initial Period* | Each Add'l Period** | Initial Period | Each Add'l Period | Initial Period | Each Add'l Period |
| 1-10 | | | | | | |
| 11-16 | | | | | | |
| 17-22 | | | | | | |
| 23-30 | | | | | | |
| 31-40 | | | | | | |
| 41-55 | | | | | | |
| 56-70 | | | | | | |
| 71-124 | | | | | | |
| 125-196 | | | | ÷ | | |
| 197+ | | | | | | |

- * All initial period rates are for telephone connections of one minute or any fraction thereof, except Operator Station Sent Paid Coin and Person-to Person Sent Paid Coin where the initial period is three (3) minutes.
- ** All additional period rates are for telephone connections of one minute or any fraction thereof, that the telephone connection continues beyond the initial period, except Operator Station Sent Paid Coin and Person-to Person Sent Paid Coin where the additional period is three (3) minutes.

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SECTION 7.0 - OPERATOR SERVICES, (CONT'D.)

7.3 Operator Assisted Service, (Cont'd.)

7.3.1 Usage Charges-Maximums, (Cont'd.)

(B) InterLATA Service

| Rate | | | Evening Rate Period | | Night/Weekend Rate | |
|---------|-------------------|-------------------------|---------------------|-------------------------|--------------------|-------------------------|
| Mileage | Initial Minute | Each Add'l Minute | Initial Minute | Each Add'l Minute | Initial Minute | Each Add'l Minute |
| 0-10 | | | | | | |
| 11-16 | | | | | | |
| 17-22 | | | | | | |
| 23-30 | | | | | | |
| 31-55 | | | | | | |
| 56-70 | | | | | | |
| 71-124 | | | | | | |
| 125+ | | | | | | |

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SECTION 7.0 - OPERATOR SERVICES, (CONT'D.)

7.3 Operator Assisted Service, (Cont'd.)

7.3.2 Per Call Service Charges-Maximums

For any message in the call classes listed following, add the Service Charge shown following to the Basic Rate Schedule charge for that message. Discounts do not apply to the Service Charges.

(A) Billed to a Calling Card

| Type of Call | Billed To: | | |
|---|------------------|----------------------------------|--|
| | LEC Calling Card | Commercial Credit/Charge Card | |
| Customer Dialed - Automated | \$ | \$ | |
| Customer Dialed and Operator Assisted | \$ | \$ | |
| Customer Dialed and Operator Must Assist | \$ | \$ | |
| Operator Dialed Calling Card Station | \$ | \$ | |

(B) All other Calls

| Operator Station - Collect | \$ |
|---------------------------------|----|
| Operator Station - Third Number | \$ |
| Person-to-Person | \$ |

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8.1 Directory Listings

8.1.1 General

The following rules apply to standard listings in light face type in the white pages (alphabetical section) of the telephone directory and to the Directory Assistance records of the Company.

Only information necessary to identify the Customer is included in these listings. The Company use abbreviations in listings. The Company may reject a residence listing which is judged to be advertising. It may also reject a listing it judges to be objectionable. A name made up by adding a term such as Company, Shop, Agency, Works, etc. to the name of a commodity or service will not be accepted as a listing unless the subscriber is legally doing business under that name.

A name may be repeated in the white pages only when only when a different address or telephone number is used.

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8.1 Directory Listings, (Cont'd.)

8.1.2 Types of Listings

(A) Standard Listing

A standard listing includes a name, designation, address and telephone number of the Customer. It appears in the White Pages of the telephone directory and in the Company's Directory Assistance records. The designation in the listing will be provided according to the rules in paragraph 8.1.1. above.

(B) Indented Listing

An indented listing appears under a standard listing and may include only a designation, address and telephone number. An indented listing is allowed only when a Customer is entitled to two or more listings of the same name with different addresses or different telephone numbers. For example:

Smith, John MD
Office 125 Portland
Residence 9 Glenway
555-8345

(C) Alternate Telephone Number Listing and Night Listing

Any listed party who has made the necessary arrangements for receiving telephone calls during his or her absence may have an alternate telephone number listing or a night listing, such as the following.

If no answer call (telephone number)
Night calls (telephone number)
Night calls after __PM (telephone number)
Nights, Sundays and holidays (telephone number)
5PM to 9AM weekdays, Saturday until 9AM, Monday and holidays (telephone number)

Such listing may be furnished as an indented listing or as a sub-caption. The telephone number in such a listing may be that of another service furnished the same subscriber or one of the subscriber's PBX trunks not included in the incoming service group, or the service furnished a different subscriber.

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Michael Henry, Chief Executive Officer 1615 Poydras Street, Suite 1050 New Orleans, LA 70112

8.1 Directory Listings, (Cont'd.)

8.1.2 Types of Listings, (Cont'd.)

(D) Duplicate Listing

Any listing may be duplicated in a different directory or under a separate geographical heading in the same directory. Such listing may be duplicated in indented form.

(E) Reference Listing

A subscriber having exchange services listed under different geographical headings may have an indented listing in reference form in lieu of a duplicate listing.

(F) Cross Reference Listing

A cross reference listing may be furnished in the same alphabetical group with the related listing when required for identification of the listed party and not designated for advertising purposes.

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8.1 Directory Listings, (Cont'd.)

8.1.3 Free Listings

The following listings are provided at no additional charge to the Customer:

One listing for each individual line service, or auxiliary line.

8.1.4 Rates for Additional Listings-Maximums

The following rates and charges apply to additional listings requested by the Customer over and above those free listings provided for in Section 8.1.3.

| Type of | Business | | |
|---|----------|--|--|
| Listing | Charge | | |
| - Each Additional Listing | \$ | | |
| Alternate Telephone Number/Night Listing: | | | |
| - Night, Sundays & Holidays | \$ | | |
| - First Line | \$ | | |

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8.2 Non-Published Service

8.2.1 General

Non-published service means that the Customer's telephone number is not listed in the directory, nor does it appear in the Company's Directory Assistance Records.

8.2.2 Regulations

This service is subject to the rules and regulations for E911 service, where applicable.

The Company will complete calls to a non-published number only when the caller dials direct or gives the operator number. No exceptions will be made, even if the caller says it is an emergency.

When the Company agrees to keep a number unlisted, it does so without any obligation. Except for cases of gross negligence or willful misconduct, the Company is not liable for any damages that might arise from publishing a non-published number in the directory or disclosing it to some. If, in error, the telephone number is published in the directory, the Company's only obligation is to credit or refund any monthly charges the Customer paid for non-published service.

The subscriber indemnifies (i.e., promises to reimburse the Company for any amount the Company must pay as a result of) and save the Company harmless against any and all claims for damages caused or claimed to have been caused, directly or indirectly, by the publication of a non-published service or the disclosing of said number to any person.

8.2.3 Rates and Charges-Maximums

There is a monthly charge for each non-published service. This charges does not apply if the Customer has other listed service at the same location; if the Customer lives in a hotel, boarding house or club with listed service; or if the service is installed for a temporary period.

Non-published service charge, per month:

\$

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8.3 Non-Listed Service

8.3.1 General

Non-listed service means that the Customer's telephone number is not listed in the directory, but does it appear in the Company's Directory Assistance Records.

8.3.2 Regulations

This service is subject to the rules and regulations for E911 service, where applicable.

The Company will complete calls to a non-listed number.

When the Company agrees to keep a number unlisted, it does so without any obligation. Except for cases of gross negligence or willful misconduct, the Company is not liable for any damages that might arise from publishing a non-listed number in the directory or disclosing it to some. If, in error, the telephone number is listed in the directory, the Company's only obligation is to credit or refund any monthly charges the Customer paid for non-listed service.

The subscriber indemnifies (i.e., promises to reimburse the Company for any amount the Company must pay as a result of) and save the Company harmless against any and all claims for damages caused or claimed to have been caused, directly or indirectly, by the publication of a non-listed service or the disclosing of said number to any person.

8.3.3 Rates and Charges-Maximums

There is a monthly charge for each non-listed service. This charges applies if the Customer has other listed service at the same location; if the Customer lives in a hotel, boarding house or club with listed service; or if the service is installed for a temporary period.

| • | T . | | • | • | | . 1 |
|---|------|--------|----------|-----------|-----|--------|
| г | V∩n_ | listed | service | charge | ner | month: |
| • | TOH- | 112100 | SOI AICC | CHAIR SO. | | month. |

\$

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8.4 Directory Assistance Services

8.4.1 Directory Assistance-Maximums

A Directory Assistance charge applies per local directory assistance call. The Customer may make two (2) requests for a telephone number per call. The Directory Assistance Charge applies regardless of whether the Directory Assistance operator is able to supply the requested number. No charge applies for the first call per month per residence line. Rates and charges for intraLATA and interLATA Directory Assistance service are provided in American MetroComm Long Distance Corp.'s Arizona Tariff No. 2.

| Each Local Directory Assistance Call | \$ |
|--|----|
| Each Long Distance Directory Assistance Call | \$ |
| Each Local Directory Assistance Call to Payphone Service Providers | \$ |

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SECTION 9.0 - MISCELLANEOUS SERVICES

9.1 Carrier Presubscription

9.1.1 General

Carrier Presubscription is a procedure whereby a Customer designates to the Company the carrier which the Customer wishes to be the carrier of choice for intraLATA and interLATA toll calls. Such calls are automatically directed to the designated carrier, without the need to use carrier access codes or additional dialing to direct the call to the designated carrier. Presubscription does not prevent a Customer who has presubscribed to an IntraLATA or InterLATA toll carrier from using carrier access codes or additional dialing to direct calls to an alternative long distance carrier on a per call basis.

- **9.1.2** Presubscription Options Customers may select the same carrier or separate carriers for intraLATA and interLATA long distance. The following options for long distance Presubscription are available:
 - Option (A) Customer select the Company as the presubscribed carrier for IntraLATA and InterLATA toll calls subject to presubscription.
 - Option (B) Customer may select the Company as the presubscribed carrier for IntraLATA calls subject to presubscription and some other carrier as the presubscribed carrier for interLATA toll calls subject to presubscription.
 - Option (C) Customer may select a carrier other than the Company for intraLATA toll calls subject to presubscription and the Company for interLATA toll calls subject to presubscription.
 - **Option (D)** Customer may select the carrier other than the Company for both intraLATA and interLATA toll calls subject to presubscription
 - Option (E) Customer may select two different carriers, neither being the Company for intraLATA and interLATA toll calls. One carrier to be the Customers' primary intraLATA interexchange carrier. The other carrier to be the Customer's primary interLATA interexchange carrier.
 - Option (F) Customer may select a carrier other than the Company for no presubscribed carrier for intraLATA toll calls subject to presubscription which will require the Customer to dial a carrier access code to route all intraLATA toll calls to the carrier of choice for each call.

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SECTION 9.0 - MISCELLANEOUS SERVICES, (CONT'D.)

9.1 Carrier Presubscription, (Cont'd.)

9.1.3 Rules and Regulations

Customers of record will retain their primary interexchange carrier(s) until they request that their dialing arrangements be changed.

Customers of record or new Customers may select either Options A, B, C, D, E or F for intraLATA Presubscription.

Customers may change their selected Option and/or presubscribed toll carrier at any time subject to charges specified in 9.1.5 which follows.

9.1.4 Presubscription Procedures

A new Customer will be asked to select intraLATA and interLATA toll carriers at the time the Customer places an order to establish local exchange service with the Company. The Company will process the Customer's order for service. All new Customers' initial requests for intraLATA toll service presubscription shall be provided free of charge.

If a new Customer is unable to make selection at the time the new Customer places an order to establish local exchange service, the Company will read a random listing of all available intraLATA and interLATA carriers to aid the Customer in selection. If selection is still not possible, the Company will inform the Customer that he/she will be given 90 calendar days in which to inform the Company of his/her choice for primary toll carrier(s) free of charge. Until the Customer informs the Company of his/her choice of primary toll carrier, the Customer will not have access to long distance services on a presubscribed basis, but rather will be required to dial a carrier access code to route all toll calls to the carrier(s) of choice. Customers who inform the Company of a choice for toll carrier presubscription within the 90 day period will not be assessed a service charge for the initial Customer request.

Customers of record may initiate a intraLATA or interLATA presubscription change at any time, subject to the charges specified in 9.1.5 which follows. If a Customer of record inquires of the Company of the carriers available for toll presubscription, the Company will read a random listing of all available intraLATA carriers to aid the Customer in selection.

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Effective:

SECTION 9.0 - MISCELLANEOUS SERVICES, (CONT'D.)

9.1 Carrier Presubscription, (Cont'd.)

9.1.5 Presubscription Charges

(A) Application of Charges

After a Customer's initial selection for a presubscribed toll carrier and as detailed in Paragraph 9.1.4 above, for any change thereafter, an Presubscription Change Charge, as set for the below will apply. Customers who request a change in intraLATA and interLATA carriers with the same order will be assessed a single charge per line.

(B) Nonrecurring Charges-Maximums

Per business line

Initial Line
Additional Line

\$

\$

Issued: February 10, 2000

Issued by:

SECTION 10.0 - PROMOTIONAL OFFERINGS

10.1 Special Promotions

The Carrier may from time to time engage in special promotional trial service offerings of limited duration (not to exceed ninety days on a per Customer basis for non-optional, recurring charges) designed to attract new subscribers or to increase subscriber awareness of a particular tariff offering. Requests for promotional offerings will be presented to the Commission for its review in accordance with rules and regulations established by the Commission, and will be included in the Carrier's tariff as an addendum to the Carrier's price lists.

10.2 Discounts

The Company may, from time to time as reflected in the price list, offer discounts based on monthly volume (or, when appropriate, "monthly revenue commitment" and/or "time of day" may also be included in the tariff).

Issued: February 10, 2000

Issued by:

New Orleans, LA 70112

SECTION 11.0 - CURRENT RATES

Section 4.2 Service Order and Change Charges

| Line Connection Charge | Business |
|--------------------------------|-----------------|
| First Line | \$ |
| Each Additional Line | \$ |
| Line Change Charge | |
| First Line | \$ |
| Each Additional Line | \$ |
| Secondary Service Order Charge | \$ |
| Premise Work Charge | |
| First 15 minutes | \$ |
| Premise Work Charge | |
| Additional 15 minutes | |
| or fraction thereof | \$ |
| Maintenance Visit Charges | |

Section 4.3

Duration of time, per technician

| | Business |
|---------------------------------------|----------|
| - Initial 15 minute increment | \$ |
| - Each Additional 15 minute increment | \$ |
| or fraction thereof | |

Issued: February 10, 2000

Issued by:

Section 4.4 **Restoration of Service**

Business

Per occasion

Section 6.2.2 Rates and Charges

(A) Regular Measured Plan

Dial Tone Line Rates (1)

| | SERVICE TYPE |
|---------|-----------------|
| | TIPE |
| RATE | Flat Rate |
| GROUP | |
| Group 1 | \$ |
| Group 2 | \$ |

(2) Usage Charges

| | Initial Minute | Additional Minutes |
|----------|----------------|-----------------------|
| Peak | \$ | \$ |
| Off Peak | \$ | \$ |

Issued: February 10, 2000

Issued by:

New Orleans, LA 70112

SECTION 11.0 - CURRENT RATES, (CONT'D.)

Section 6.2.2 Rates and Charges, (Cont'd.)

(2) Usage Charges, (Cont'd.)

| | Initial Minute | Additional Minutes |
|----------|----------------|-----------------------|
| Peak | \$ | \$ |
| Off Peak | \$ | \$ |

(B) Area Plus Plan

(1) Dial Tone Line Rates

Monthly charge, all rate groups

\$

(2) Usage Charges

| | Initial Minute | Additional Minutes |
|----------|----------------|-----------------------|
| Peak | \$ | \$ |
| Off Peak | \$ | \$ |

Package 1: The rate is \$ per month and a 20% discount applies to all usage charges.

Package 2: The rate is \$ per month, there is a \$20.00 usage allowance and a 50% discount applies to all time periods.

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Issued by:

Section 6.3.3 Rates and Charges

New Orleans, LA 70112

(A) Flat Rate Service

Monthly charge, all rate groups

\$

(B) Smart Line Service - Usage Based Service

(1) Dial Tone Line Rates

The dial tone line rate is as follows:

Monthly charge, all rate groups

\$

(2) Usage Charges

| | Initial Minute | Additional Minutes |
|----------|----------------|-----------------------|
| Peak | \$ | \$ |
| Off Peak | \$ | \$ |

Package 1: The rate is \$ per month and a 20% discount applies to all usage charges.

Package 2: The rate is \$ per month, there is a \$20.00 usage allowance and a 50% discount applies to all time periods.

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Issued by:

Section 6.4.1 Blocking and Screening Features

Screening Options A&B-Unrestricted Service:

Screening Option A, Per Two-Way Line \$
Screening Option B, Per Outward Line \$

Screening Options C&D:

Screening Option C, Per Two-Way Line \$
Screening Option D, Per Outward Line \$

Screening Options E&F:

Screening Option E, Per Two-Way Line \$
Screening Option F, Per Outward Line \$

Issued: February 10, 2000

Issued by:

Section 6.4.1 Blocking and Screening Features, (Cont'd.)

Screening Options G&H:

Screening Option G, Per Two-Way Line \$
Screening Option H, Per Outward Line \$

Screening Option I:

Screening Option I, Per Outward Line \$
Screening Option I, Per Two-Way Line \$

Screening Option J:

Screening Option J, Per Outward Line \$
Screening Option J, Per Two-Way Line \$

Issued: February 10, 2000

Issued by:

\$

SECTION 11.0 - CURRENT RATES, (CONT'D.)

Section 6.4.2 Coin Refund & Referral Service (CRS)

| (A) | CRS -Option A | |
|------------|--|----------|
| | Charge per referral | \$ |
| (B) | CRS -Option B | |
| | Charge Per referral Charge Per credit | \$ \$ |
| (C) | CRS -Option C | |
| | Charge Per credit Charge Per draft | \$ \$ |
| (D) | CRS -Option D | |
| | | |

Charge Repair Referral, Per referral

Issued: February 10, 2000

Issued by:

Section 7.2 Basic Long Distance Charges

Usage Charges:

Per minute rate:

\$

Section 7.3.1 Usage Charges

(A) Local IntraLATA Service

| Rate | Day R | Day Rate Period | | Evening Rate Period | | Night/Weekend Rate | |
|---------|-----------------|------------------------|-------------------|----------------------|-------------------|----------------------|--|
| Mileage | Initial Period* | Each Add'l Period** | Initial Period | Each Add'l Period | Initial Period | Each Add'l Period | |
| 1-10 | | | | | | | |
| 11-16 | | | | | | | |
| 17-22 | | | | | | | |
| 23-30 | | | | | - | | |
| 31-40 | | | | | | | |
| 41-55 | | | | | | | |
| 56-70 | | | | | | | |
| 71-124 | | | | | | | |
| 125-196 | | | | | | | |
| 197+ | | | | | | | |

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Issued by:

Effective:

Michael Henry, Chief Executive Officer 1615 Poydras Street, Suite 1050 New Orleans, LA 70112

Section 7.3.1 Usage Charges, (Cont'd.)

(B) InterLATA Service

| Rate Mileage | Day Rate Period | | Evening | Evening Rate Period | | Night/Weekend Rate | |
|-----------------|-------------------|----------------------|-------------------|----------------------|-------------------|----------------------|--|
| | Initial Minute | Each Add'l Minute | Initial Minute | Each Add'l Minute | Initial Minute | Each Add'l Minute | |
| 0-10 | | | | · | | | |
| 11-16 | | | | | | | |
| 17-22 | | **** | | | | | |
| 23-30 | | <u> </u> | | | , , , , | | |
| 31-55 | | | · | | | | |
| 56-70 | | | | | | | |
| 71-124 | | | | | | | |
| 125+ | | | | | | | |

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Section 7.3.2 Per Call Service Charges

(A) Billed to a Calling Card

| Type of Call | Billed To: | | | |
|---|------------------|----------------------------------|--|--|
| | LEC Calling Card | Commercial Credit/Charge Card | | |
| Customer Dialed - Automated | \$ | \$ | | |
| Customer Dialed and Operator Assisted | \$ | \$ | | |
| Customer Dialed and Operator Must Assist | \$ | \$ | | |
| Operator Dialed Calling Card Station | \$ | \$ | | |

(B) All other Calls

| Operator Station - Collect | \$ | ; |
|---------------------------------|------|---|
| Operator Station - Third Number | · \$ | , |
| Person-to-Person | \$ | • |

Issued: February 10, 2000

Effective:

Issued by:

Section 8.1.4 Rates for Additional Listings

| Type of Listing | Business Charge | | |
|---|--------------------|--|--|
| - Each Additional Listing | \$ | | |
| Alternate Telephone Number/Night Listing: | | | |
| - Night, Sundays & Holidays | \$ | | |
| - First Line | \$ | | |

Section 8.2.3 Rates and Charges

Non-published service charge, per month: \$

Section 8.3.3 Rates and Charges

Non-listed service charge, per month: \$

Section 8.4.1 Directory Assistance

Each Local Directory Assistance Call \$
Each Long Distance Directory Assistance Call \$
Each Local Directory Assistance Call to
Payphone Service Providers \$

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Issued by:

Section 9.1.5 Presubscription Charges

(B) Nonrecurring Charges

Per business line

Initial Line \$
Additional Line \$

Issued: February 10, 2000

Issued by:

EXHIBIT 3

American MetroComm Long Distance Corp.

ARTICLES OF INCORPORATION

AND

ARIZONA SECRETARY OF STATE AUTHORITY



SECRETARY OF STATE

As Secretary of State, of the State of Louisiana, I do hereby Certify that a copy of the Articles of Incorporation and Initial Report of

AMERICAN METROCOMM LONG DISTANCE CORP.

Domiciled at New Orleans, Louisiana, Parish of Orleans,

A corporation organized under the provisions of R.S. 1950, Title 12, Chapter 1, as amended,

By Act executed on May 23, 1996, and acknowledged on May 23, 1996, the date when corporate existence began,

Was filed and recorded in this office on May 23, 1996, in the Record of Charters Book 345,

And all fees having been paid as required by law, the corporation is authorized to transact business in this State, subject to the restrictions imposed by law, including the provisions of R. S. 1950, Title 12, Chapter 1, as amended.

In testimony whereof, I have hereunto set my hand and caused the Seal of my Office to be affixed at the City of Baton Rouge on, May 23, 1996

Secretary of State.



SECRETARY OF STATE

As Secretary of State, of the State of Louisiana, I do hereby Certify that AMERICAN METROCOMM LONG DISTANCE CORP.

A LOUISIANA corporation domiciled at NEW ORLEANS,

Filed charter and qualified to do business in this State on May 23, 1996,

I further certify that the records of this Office indicate the corporation has paid all fees due the Secretary of State, and so far as the Office of the Secretary of State is concerned is in good standing and is authorized to do business in this State.

I further certify that this Certificate is not intended to reflect the financial condition of this corporation since this information is not available from the records of this Office.

In testimony whereof, I have hereunto set my hand and caused the Seal of my Office to be affixed at the City of Baton Rouge on,

July 3, 1997

The liverd

TOIL

Secretary of State



ARTICLES OF INCORPORATION OF

STATE OF LOUISIANA

AMERICAN METROCOMM LONG DISTANCE CORP.

PARISH OF ORLEANS

TAXPAYER IDENTIFICATION NUMBER: APPLIED FOR

BE IT KNOWN, that on this 23d day of May, 1996;

BEFORE ME, the undersigned authority, a Notary Public, duly commissioned and qualified in and for the aforesaid Parish and State, personally came and appeared the subscriber hereto, of the full age of majority, who declared unto me, Notary, in the presence of the undersigned competent witnesses, that availing himself of the provisions of the Business Corporation Law (Title 12, Chapter I, Louisiana Revised Statutes of 1950), he does hereby organize himself, his successors and assigns, into a corporation pursuant to said law, under and in accordance with the following Articles of Incorporation, to-wit:

ARTICLE I Name

The name of the Corporation is American MetroComm Long Distance Corp.

ARTICLE II Purpose

The Corporation is formed for the purpose of buying and reselling services as an interexchange carrier and transmitting intelligence by telegraph, telephone or other system of transmitting intelligence, engaging in any lawful activity incident thereto, and engaging in any other lawful activity for which corporations may be formed under the Business Corporation Law of Louisiana.

ARTICLE III Capital Stock

The number of shares of capital stock which the Corporation is authorized to have outstanding is 3,000,000 shares of common stock without par value.

ARTICLE IV
Incorporator

STATE OF LOUISIANA

Office of the Secretary of State
I hereby certify that this is a true and correct copy.
as taken from the original on file in this office.

Fox McKathan Borretary of State

The Incorporator's name and address is:

Name

Dennis E. Kelly

Address

7500 St. Charles Avenue New Orleans, LA 70118 m

ARTICLE V Directors

The number of directors shall be such number, not less than two (2) nor more than nine (9) as may be designated in the by-laws and if not designated, as may from time to time be elected by the shareholders, except that when all of the outstanding shares are held of record by fewer than two shareholders, then there need be only as many directors as there are shareholders, but this shall not prevent a greater number of directors as aforesaid. Any director absent from a meeting of the Board or any committee thereof, may be represented by any other director who may cast the absent director's vote according to his or her written instructions, general or special.

The first directors shall be:

Albert I. Donovan

6001 Stars & Stripes Blvd.

Suite 100

New Orleans, LA 70126

Gary George

6001 Stars & Stripes Blvd.

Suite 100

New Orleans, LA 70126

Dennis Kelly

7500 St. Charles Ave.

New Orleans, LA 70118

ARTICLE VI Special Meetings

Special meetings of shareholders may be called by the president or by a majority of the Board of Directors.

ARTICLE VII

Without any necessity of action by the shareholders, previously authorized but unissued shares of stock of the corporation may be issued from time to time by the Board of Directors, and any and all shares so issued and paid for shall be deemed fully paid stock and not liable to any further assessment or call, and the holder of such shares shall not be liable for any further payment thereon.

ARTICLE VIII Reversion

Cash, property or share dividends, shares issuable to shareholders in connection with a reclassification of stock, and the redemption price of redeemed shares, which are not claimed by the shareholders entitled thereto within one year after the dividend or redemption price became payable or the shares became issuable, despite reasonable efforts by the corporation to pay the dividend or redemption price or deliver the certificates for the shares to such shareholders within such time, shall, at the expiration of such time, revert in full ownership to the corporation, and the corporation's obligation to pay such dividend or redemption price or issue such shares, as the case may be, shall thereupon cease; provided that the board of directors may, at any time, for any

reason satisfactory to it, but need not, authorize (a) payment of the amount of any cash or property dividend or redemption price or (b) issuance of any shares, ownership of which has reverted to the corporation pursuant hereto, to the entity who or which would be entitled thereto had such reversion not occurred.

ARTICLE IX Limitation of Liability

The Incorporator, officers, and directors of this corporation claim the benefits of limitation of liability available under La. R.S. 12:24C to the fullest extent allowed by law, as fully and completely as though said provision were recited herein in full.

THUS DONE AND SIGNED in my office in the State and Parish aforesaid, on the day, month and year hereinabove set forth in the presence of the undersigned.

Notary, after due reading of the whole.

Dennis E. Kelly, Incorporator

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INITIAL REPORT

OF

AMERICAN METROCOMM LONG DISTANCE CORP.

AS REQUIRED BY LOUISIANA REVISED STATUTES TITLE 12, SECTION 25

TO: SECRETARY OF STATE STATE OF LOUISIANA

The following report is hereby submitted in accordance with the provisions of Louisiana Revised Statutes, Title 12, Section 25:

1. The corporation's registered office is located at, and its post office address is:

6001 Stars & Stripes Blvd. Suite 100 New Orleans, LA 70126

2. The full name and post office address of its registered agent is:

Dennis E Kelly, Esq. 7500 St. Charles Ave. New Orleans, LA 70118

3. The full names and post office addresses of the first directors are:

Dennis E. Kelly 7500 St. Charles Avenue Gary George 6001 Stars & Stripes Blvd. Albert I. Donovan 6001 Stars & Stripes Blvd.

New Orleans, LA 70118

Suite 100

Suite 100

New Orleans, LA 70126

New Orleans, LA 70126

This report is executed by the incorporator of this corporation on this 230 day of May, 1996.

Dennis E. Kelly, Incorporator

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AFFIDAVIT OF ACCEPTANCE OF APPOINTMENT BY DESIGNATED REGISTERED AGENT ACT 769 OF 1987

TO: SECRETARY OF STATE
CORPORATIONS DEPARTMENT
STATE OF LOUISIANA

STATE OF LOUISIANA PARISH OF ORLEANS

On this 23 day of May, 1996, before me, a Notary Public in and for the State and Parish aforesaid, personally came and appeared Dennis E. Kelly, who is to me known to be the aforesaid person, and who being duly sworn, acknowledged to me that he does hereby accept appointment as the Registered Agent of American MetroComm Long Distance Corp., which is a Corporation authorized to transact business in the State of Louisiana pursuant to the provisions of Title 12, Chapter 1, 2 and 3.

REGISTERED AGENT

Sworn to and subscribed before me, Notary, on the day, month and year first set forth above.

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WRITTEN CONSENT OF SOLE SHAREHOLDER

The undersigned, constituting the sole shareholder of American MetroComm Long Distance Corp. (the "Corporation"), hereby gives its written consent to the adoption of the following resolutions:

WHEREAS, in contemplation of a borrowing relationship with Foothill Capital Corporation ("Foothill"), the Corporation has amended its Articles of Incorporation to provide for the election of an independent Director for so long as the Corporation has outstanding obligations to Foothill; and

WHEREAS, Brooke H. Duncan, formerly a director of Tulane University, Hibernia Bank and Entergy Corporation, has indicated a willingness to serve as such independent Director, and Foothill has been made aware of Mr. Duncan's credentials and has no objection to his election to such position;

NOW THEREFORE, BE IT RESOLVED, that Brooke H. Duncan is hereby elected Director of the Corporation, for such term and compensation, and subject to such terms and conditions, as may be set forth by agreement signed by Mr. Duncan and the President of the Corporation;

BE IT FURTHER RESOLVED, that Gary George, Albert I. Donovan, Jr. and Dennis Kelly are hereby elected Directors of the Corporation, to serve in such capacity without compensation until their successors are chosen and take their place.

DATE: July 12, 1997

American MetroComm Corporation

By:

CERTIFICATE

I, the undersigned Secretary of American MetroComm Long Distance Corp., Hereby certify that the above and foregoing resolution was duly adopted by the Sole shareholder of American MetroComm Long Distance Corp. and Remains in full force and effect as of the date set forth below.

Dennis Kelly, Secretary

DATE: 7/(2____, 1997

FURTHER RESOLVED, that the officers of the Corporation are, and each of them is, authorized and directed to complete, execute and file on behalf of the Corporation such documents, including Form SS-4 of the Internal Revenue Service, as are necessary and proper to effectuate its selection to be taxed on such basis, and to do such further acts and things as may be appropriate thereto.

6. Incorporator

RESOLVED, that the actions of the Incorporator are ratified and confirmed.

DATE:

June 23, 1997

.

WRITTEN CONSENT OF INCORPORATOR

Acting pursuant to Louisiana law, the undersigned, being the sole incorporator of American MetroComm/Long Distance, Inc. hereby adopts the following resolutions:

1. Number of Directors

RESOLVED, that the number of Directors at the Corporation is hereby fixes at no less than two and no more than nine, absent further action by the shareholders.

2. Election of Directors

RESOLVED, that the following persons are elected as Directors of this Corporation:

Albert I. Donovan, Jr. Gary S. George Dennis E. Kelly

Date:

May 23, 1996

Dennis E. Kelly, Incorporator

UNANIMOUS CONSENT OF DIRECTORS

Acting pursuant to Louisiana law, the undersigned, being all of the directors of American MetroComm Long Distance, Inc., hereby adopt the following resolutions by unanimous written consent.

1. Officers

RESOLVED, that the following persons be and hereby are elected officers of the Corporation as identified below, to serve in such capacity until their successors are elected and take their place, at such compensation as may be established from time to time by the Directors:

| Officer | Office |
|------------------------|------------------------------|
| Gary S. George | President |
| Albert I. Donovan, Jr. | Vice President and Treasurer |
| Dennis E. Kelly | Vice President and Secretary |

2. Stock

*RESOLVED, that the officers of the Corporation are hereby authorized, empowered and directed to issue the following number of shares of common no-par value stock to the persons listed for the consideration shown:

| <u>Shareholder</u> | <u>Shares</u> | Consideration |
|--------------------------------|---------------|---------------|
| American MetroComm Corporation | 50,000 | \$1,000.00 |

3. Stock Certificates

RESOLVED, that the form of stock certificate attached hereto is approved for the issuance of stock of the Corporation.

4. Designation of Fiscal Year

RESOLVED, that the Corporation shall keep its books for both tax and financial accounting purposes on a calendar year basis.

FURTHER RESOLVED, that the officers of the Corporation are, and each of them is, authorized and directed to complete, execute and file on behalf of Corporation

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such documents, including Form SS-4 of the Internal Revenue Service, as are necessary and proper to effectuate its selection to be taxed on such basis, and to do such further acts and things as may be appropriate thereto.

6. Incorporator

RESOLVED, that the actions of the Incorporator are ratified and confirmed.

Albert I. Dønøvan Jr., Birector

This Unanimous Consent is dated this 20th day of December, 1996.

Gary S. George, Director

Dennis E. Kelly, Director

UNANIMOUS CONSENT OF DIRECTORS

Acting pursuant to Louisiana law, the undersigned, being all of the directors of American MetroComm Long Distance Corp., hereby adopt the following resolutions by unanimous written consent.

1. Officers

RESOLVED, that the following persons be and hereby are elected officers of the Corporation as identified below, to serve in such capacity until their successors are elected and take their place, at such compensation as may be established from time to time by the Directors:

| <u>Officer</u> | Office |
|-------------------|------------------------------|
| Gary George | President |
| Albert I. Donovan | Vice President and Treasurer |
| Dennis Kelly | Vice President and Secretary |

Stock

RESOLVED, that the officers of the Corporation are hereby authorized, empowered and directed to issue the following number of shares of common no-par value stock to the persons listed for the consideration shown:

| Shareholder | <u>Shares</u> | Consideration |
|--------------------------|---------------|---------------|
| American MetroComm Corp. | 50,000 | \$1,000.00 |

3. Stock Certificates

RESOLVED, that the form of stock certificate attached hereto is approved for the issuance of stock of the Corporation.

4. Designation of Fiscal Year.

RESOLVED, that the Corporation shall keep its books for both tax and financial accounting purposes on a calendar year basis.

CERTIFICATE

I, Dennis E. Kelly, being the Secretary of American MetroComm Long Distance Corp., a Louisiana corporation, do hereby certify that the subscribers to the foregoing Unanimous Written Consent are all of the directors of American MetroComm Long Distance Corp., on December 20, 1996, and that such written consent has not been amended, modified or rescinded in any respect.

Dennis E. Kelly, Secretary

Exhibit "A"

Articles of Amendment to the Articles of Incorporation of American MetroComm Long Distance Corp.

Article II of the Articles of Incorporation is hereby amended to read as follows:

Article II Purpose

The business of the Corporation shall be solely to develop, acquire, own, operate, lease, mortgage and/or sell property for or related to the carriage, transmission and/or processing of telecommunications, data, cable services or other intelligence by telegraph, telephone or other system of transmitting of intelligence and to do any and all things necessary to incidental to any of the foregoing to carry out and further the business of the Corporation as contemplated herein.

The following Articles shall be added to the Articles of Incorporation to be numbered as shown below:

Article X Limitation of Powers

Section 1. Notwithstanding any other provision of the Articles of Incorporation, or, to the extent permitted by law, any provision of law that otherwise so empowers the Corporation, for so long as the Corporation owes any duty or obligation under any loan document entered into with Foothill Capital Corporation, a California corporation, ("Foothill") and each of the lending parties thereto, or any of their respective successors or assigns (the "Lenders") and for a period of ninety-one (91) days thereafter, the Corporation shall not, without the unanimous consent of all members of the Board of Directors, do any of the things listed in this section under (a), (b) or (c). Such consent may not be approved by written consent, but at a duly noticed and convened meeting of the Board of Directors, in accordance with the provisions of the Articles of Incorporation.

- (a) engage in any business or activity other than the purpose set forth in these Articles of Incorporation;
- (b) voluntarily dissolve or liquidate, in whole or in part; or
- (c) commence or cause or permit a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or

its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect, including, but not limited to, the Bankruptcy code, or seeking the appointment of a trustee, receiver, liquidator, custodian, examiner or other similar official of it or any substantial part of its property, or consent to any such relief or to the appointment or taking possession by any such official in an involuntary case or other proceeding commenced against it, or make a general assignment for the benefit of creditors, or take any action or fail to take any action for itself which would result in the Corporation's inability to pay its debts as they become due, or take or permit any action to authorize any of the foregoing for itself. "Bankruptcy Code" means Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq., as is now in effect or hereafter amended.

Section 2. Until the date which is ninety-one (91) days after the last date on which any and all duties and obligations of the Corporation to the Lenders have been fully and indefeasibly satisfied, the Corporation shall not amend, alter, change or repeal the Articles of Incorporation or these amendments without the unanimous written consent of all Directors nor shall any such amendment, alteration, change or repeal be effected in violation of any agreement the Corporation shall have entered prohibiting any such amendment. Subject to the foregoing limitation, the Corporation reserves the right to amend, alter, change or repeal any provision contained in the Articles of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

Article XI Independent Director

At all times, one of the Directors of the Corporation shall be and Independent Director. In the event of the death, incapacity, resignation or removal of the Independent Director, the Board of Directors of the Corporation shall immediately replace such Independent Director with another Independent Director. No actions of the Board of Directors or of the Corporation which require the consent of the Independent Director shall be taken in the absence of an Independent Director. "Independent Director" means a director of the Corporation who shall at no time be a director or officer of, be employed by or hold any Beneficial Interest in the Corporation (except for his position as Independent Director) or any Affiliate thereof, and who shall at no time serve as a trustee in bankruptcy for the Corporation or any Affiliate. "Affiliate" means, with respect to a specified Person, (i) a Person who, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the specified Person, (ii) any Person who is an officer, director, partner, manager, employee, or trustee of, or serves in a similar capacity with respect to, the specified Person or of which the specified Person is an officer, partner, manager or trustee, or with respect to which the specified Person serves in a similar capacity, (iii) any Person who, directly or indirectly, is the Beneficial Owner of any class of equity securities of, or otherwise has a Beneficial Interest in, the specified Person or in which the specified Person has a Beneficial Interest and (iv) the spouse, issue, or parent of the specified Person. An Affiliate does not include a Person who is a partner in a partnership or joint venture

with the Corporation if such Person is not otherwise an Affiliate of the Corporation or any Shareholder. "Control" or any derivative thereof, when used with respect to a specified Person. means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through ownership of voting securities or partnership or other ownership interests, by contract or otherwise; provided, however, that, without limiting the generality of the foregoing, (a) any Person (including family members of such Person) which owns, directly or indirectly, securities representing 20% or more of the value or ordinary voting power of a corporation or 20% or more of the partnership or other ownership interests (based upon value or vote) of any other Person is deemed to Control such corporation or other Person, (b) a general partner shall always be deemed to Control any partnership of which it is a general partner, and (c) a member-manager of a limited liability company shall always be deemed to Control any limited liability company of which it is a manager. "Director" means a director of the Corporation. "Shareholder" means a shareholder of the Corporation. "Person" means an individual, trust, estate, partnership, joint venture, association, limited liability company, corporation or other entity. A "Beneficial Owner" of a Person or "Beneficial Interest" in a Person means ownership of any right to any profits or losses of and/or to vote or to direct or to cause the direction of the management, policies, or affairs of any such Person whether through ownership of voting securities or partnership or other ownership interests, by contract or otherwise.

Article XII Duty of Independent Director

When voting on matters subject to the unanimous vote of the Board of Directors and notwithstanding that the Corporation is solvent (on either a balance sheet or equitable basis), the Independent Director shall take into account the interests of the creditors of the Corporation, as well as the interests of the Corporation.

Article XIII Notice Required for Directors Meeting

The notice required of meetings of the Board of Directors on matters requiring the unanimous vote of the Board shall be given not less than three (3) business days prior to the date the meeting is to be held. The notice shall be given to each Director and to any person (including, without limitation, Foothill) who has provided written notice to the Secretary of the Corporation that such person is a pledgee of any shares of stock of the Corporation. Any person entitled to receive notice of the meeting may waive that person's right to notice, provided, however, that such waiver is only effective against the person granting such waiver.

Article XIV Shareholder Approval

Any matters subject to the unanimous vote of the Board of Directors specified in these Articles, shall also require the unanimous approval of the holders of the common stock of the

Corporation at a shareholder meeting. Notice of the shareholder's meeting shall be given not less than five (5) business days prior to the date the meeting is to be held. Notice must be given to each shareholder and to any person (including, without limitation, Foothill) who has provided written notice to the Secretary of the Corporation that such person is a pledgee of any shares of stock of the Corporation (such unanimous shareholder approval may not be given by written consent without such a meeting or in lieu of a meeting). Any person entitled to receive notice of the meeting may waive that person's right to notice, provided, however, that such waiver is only effective against the person granting such waiver.

Article XV Maintenance of Separate Books

At all times, the Corporation shall be required to (i) maintain books and records separate from any individual, trust, estate, partnership, joint venture, association, limited liability company, corporation or other entity ("Person"); (ii) maintain its accounts separate from any other Person; (iii) not to commingle assets with those of any other Person; (iv) maintain separate financial statements; (v) pay its own liabilities out of its own funds; (vi) observe all corporate formalities; (vii) maintain an arm's length relationship with its Affiliates; (viii) allocate fairly and reasonably any overhead for shared office space; (ix) use separate stationery, invoices and checks; (x) hold itself out as a separate Person; (xi) correct any known misunderstanding regarding its separate identity.

Article XVI Indemnification

Right to Indemnification. Each person who was or is a party or is Section 1. threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), including any action by or in the right of the Corporation, by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of the Corporation or, as a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, partner, employee or agent of another business, nonprofit or foreign corporation, partnership, joint venture, limited liability company, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such Proceeding is alleged action in an official capacity as a director, officer, partner, trustee, employee or agent or in any other capacity, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by law, as the same exists or may hereafter be amended (but, in the case of any amendment, such amendment shall be enforced hereunder only to the extent that such amendment permits the Corporation to provide broader indemnification rights than permitted to the Corporation to provide prior to such amendment), against any and all expenses, including attorneys' fees, liabilities, losses, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement actually and reasonably incurred or suffered by such person in connection with such Proceeding if he or she acted in good faith and

in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal Proceeding, had no reasonable cause to believe his or her conduct was unlawful; provided, however, that the Corporation shall indemnify any such person seeking indemnity in connection with a Proceeding (or part thereof) initiated by such person only if such Proceeding (or part thereof) initiated by such person was authorized by the Board of Directors of the Corporation.

In case of actions by or in the right of the Corporation, no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable for willful or intentional misconduct in the performance of his or her duty to the Corporation, unless, and only to the extent that the court shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, he or she is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

The termination of any Proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal Proceeding, had reasonable cause to believe that his or her conduct was unlawful.

To the extent that a director or officer has been successful on the merits or otherwise in defense of any such Proceeding, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

Any indemnification under this Article, unless ordered by the court, shall be made by the Corporation only as authorized in a specific case upon a determination that the applicable standard of conduct has been met. Such determination shall be made:

- (1) First, by the Board of Directors of the Corporation by a majority vote of a quorum consisting of directors who were not parties to such Proceeding, or
- (2) If such a quorum is not obtainable and the Board of Directors so directs, by independent legal counsel, or
- (3) If not by legal counsel, by vote of shareholders that are not a party to such Proceeding.

Any right to indemnification hereunder shall include the right to be paid by the Corporation expenses, including attorney's fees incurred in defending any such Proceeding, in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of such Proceeding shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, in which such

director or officer agrees to repay all amounts so advanced if it ultimately should be determined that such person is not entitled to be indemnified under this Article or otherwise. Such right to indemnification shall also continue as to a person who has ceased to be a director or officer and shall inure to the benefit of his or her heirs or legal representatives.

- Section 2. Right of Claimant to Bring Suit. (i) If a claim under Section 1 is not paid in full by the Corporation within ninety days after a written claim therefor has been received by the Corporation, the claimant may bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall also be entitled to be paid the expense (including attorneys' fees) of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation.
- (ii) Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its shareholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its shareholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.
- Section 3. <u>Contractual Rights: Applicability</u>. The rights and obligations of the Corporation and the person entitled to relief from liability or indemnification under these Articles (i) shall be deemed to be a contract between the Corporation and such person based upon good and valuable consideration, pursuant to which the person entitled thereto may bring suit as if the provisions hereof were set forth in a separate written contract between the Corporation and the director or officer, (ii) shall be retroactive and shall be available with respect to events occurring prior to the adoption hereof, (iii) shall continue to exist after the rescission or restrictive modification hereof with respect to events occurring prior thereto, and (iv) any repeal, amendment or modification of these Articles shall not adversely affect any right or protection of a director or officer existing at the time of such repeal, amendment or modification.
- Section 4. Requested Service. Any director or officer of the Corporation serving, in any capacity, (i) another corporation or other entity of which a majority of the shares entitled to vote in the election of its directors or other ownership interests are held by the Corporation, or (ii) any employee benefit plan of the Corporation or of any corporation or entity referred to in clause (i), shall be deemed to be doing so at the request of the Corporation.
- Section 5. Non-Exclusivity of Rights. The rights conferred on any person by Sections 1 and 2 of this Article shall not be deemed exclusive of, and shall be in addition to, any other rights which such person may have or may hereafter acquire under any statute, rule, provision

of these Articles of Incorporation, By-Laws, agreement, vote of shareholders or disinterested directors or otherwise; provided, however, that no such other right shall permit indemnification of any officer or director for the results of such person's willful or intentional misconduct.

Section 6. <u>Insurance</u>. The Corporation may purchase and maintain insurance, obtain letters of credit, act as a self-insurer, create a reserve, trust, escrow or other fund or account or enter into indemnification agreements, with or on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, limited liability company, trust or other enterprise, including service with respect to employee benefit plans, against any liability asserted against him or her or incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under this Article.

WRITTEN CONSENT OF SOLE SHAREHOLDER OF AMERICAN METROCOMM LONG DISTANCE CORP.

The undersigned, being the sole shareholder of American MetroComm Long Distance Corp., a Louisiana corporation (the "Corporation"), and acting by written consent as permitted by §76(A) of the Louisiana Business Corporation Law, does hereby adopt the following corporate resolution:

RESOLVED that the Articles of Incorporation of the Corporation be and are hereby amended to add the Articles attached hereto as Exhibit "A".

This Written Consent is dated this day of July, 1997.

AMERICAN METROCOMM CORPORATION

Ry

GARY S. GEORGE, PRESIDENT

CERTIFICATE

• I, Dennis E. Kelly, being the Secretary of American MetroComm Long Distance Corp., a Louisiana corporation, do hereby certify that subscriber to the foregoing Written Consent is the sole shareholder of American MetroComm Long Distance Corp., and that this Written Consent was duly adopted on July _____, 1997, and such written consent has not been amended, modified or rescinded in any respect.

SECRETARY

AZ

DELIVERED

EXPEDITED

JAN 3 1 2000 FILED BY DO NOT PUREARH EPLICATION FOR AUTHORITY THIS SECTIONE TO TRANSACT BUSINESS 1. The corporate IN ARIZONA name must contain a corporate ending which may be The name of the corporation is: American MetroComm Long Distance Corp., "corporation." A(n) Louisiana "association." Corporation "company," (State, Province or Country) "limited," "incomposated" or an We are a foreign corporation applying for authority to transact business in the state of abbreviation of any of these words. If you Arizona. are the holder or assignee of a We are a foreign corporation currently authorized to transact business in Arizona and tradename or must now file this Application for New Authority pursuant to A.R.S. § 10-1504 because trademark attach we have changed the following in our domicile jurisdiction: Declaration of Our actual corporate name (or the name under which we originally obtained Tradename Holder form. If your name authority in Arizona). is not available for D The period of our duration. use in Arizona, you The state, province or country of our incorporation. must adoja a fictitious name and The exact name of the foreign corporation i provide a resolution adopting the name, American MetroComm Long Distance Corp. which must be executed by the If the exact name of the foreign corporation is not available for use in this state, then the corporation Secretary. fictitious name adopted for use by the corporation in Arizona is: (FN). 2. The name of the state, province or country in which the foreign corporation is incorporated is: Louisiana The foreign corporation was incorporated on the 23rd day of May 3. 19 96 and the period of its duration is: Perpetual 3. You must provide the total duration in years for which your 4. The street address of the principal office of the foreign corporation in the state, province corporation was or country of its incorporation is: formed to endure. If perpetual succession. 1615 Poydras Street, Suite 1050 so indicate in this section. Do not leave New Orleans, Louisiana blank, or state not applicable, 70112

5. The statutory agent address cannot be # P.O. Box. It must be a physical address in Arizona, Include City, State and Zip code

The name and street address of the statutory agent for the foreign corporation in Arizona is:

National Registered Agents, Inc. 815 N. First Avenue, Suite 4

Phoenix, Arizona 85003

EXHIBIT 4

American MetroComm Long Distance Corp.

BALANCE SHEET



Suite 3500 One Shell Square New Orleans, LA 70139-3599

Independent Auditors' Report

The Board of Directors
American MetroComm Corporation:

We have audited the accompanying consolidated balance sheets of American MetroComm Corporation and subsidiaries (Predecessor) as of December 31, 1997, and of American MetroComm Corporation and subsidiaries (Successor) as of December 31, 1998, and the related consolidated statements of operations, shareholders' equity (deficit), and cash flows for the year ended December 31, 1997 and the periods from January 1, 1998 to April 28, 1998 (Predecessor periods) and from April 29, 1998 to December 31, 1998 (Successor period). These consolidated financial statements are the responsibility of the Companies' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned Predecessor consolidated financial statements present fairly in all material respects, the financial position of American MetroComm and subsidiaries (Predecessor) as of December 31, 1997, and the results of their operations and their cash flows for the Predecessor periods in conformity with generally accepted accounting principles. Further, in our opinion, the aforementioned Successor consolidated financial statements present fairly, in all material respects, the financial position of American MetroComm Corporation and subsidiaries (Successor) as of December 31, 1998, and the results of their operations and their cash flows for the Successor period, in conformity with generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, effective April 29, 1998, American MetroComm Corporation was acquired in a business combination accounted for as a purchase. As a result of the acquisition, the consolidated financial information for the period after the acquisition is presented on a different cost basis than that for the periods before the acquisition and, therefore, is not comparable.



April 27, 1999





Consolidated Financial Statements

As of December 31, 1997 and 1998 and the year ended December 31, 1997, and the periods from January 1, 1998 through April 28, 1998 and from April 29, 1998 through December 31, 1998

Consolidated Balance Sheets

December 31, 1997 and 1998

| | | Predecessor 1997 | Successor 1998 |
|--|------|--|-------------------------------------|
| Assets | | | |
| Current assets: Cash and cash equivalents Accounts receivable, net of allowance for doubtful accounts of \$30,099 and \$225,274 in 1997 and 1998, respectively Other receivables | \$ | 98,155 562,664 83,977 | 2,678,817 1,711,826 120,774 |
| Prepaid expenses | | 150,760 | 600,225 |
| Total current assets | - | 895,556 | 5,111,643 |
| Property, plant and equipment, net of accumulated depreciation Intangible assets, net of accumulated amortization Other assets | | 10,761,754 4,145,980 307,510 | 14,132,735 19,426,064 736,167 |
| Total assets | \$ _ | 16,110,800 | 39,406,609 |
| Liabilities and Shareholders' Equity (Deficit) | - | | |
| Current liabilities: Accounts payable Accrued expenses and other liabilities Current portion of notes payable Notes payable to shareholders | \$ | 2,430,662 1,475,560 9,017,944 3,384,500 | 2,845,272 2,952,646 1,412,462 |
| Total current liabilities | • | 16,308,666 | 7,210,379 |
| Deferred revenue Minority interest Notes payable | | 338,222 14,984 | 439,905 14,984 26,814,046 |
| Shareholders' equity (deficit): Successor: Series A common stock, authorized 24,000,000 shares; \$.01 par value; issued and outstanding 12,034,000 sh at December 31, 1998 Series B common stock, authorized 9,000,000 shares; \$.01 par value; issued and outstanding 3,875,000 sha | | | 120,340 |
| at December 31, 1998 Series C common stock, authorized 7,000,000 shares; \$ par value; issued and outstanding 3,391,000 shares at | .01 | - | 38,750 |
| December 31, 1998 Series D common stock, authorized 60,000,000 shares; \$.01 par value; issued and outstanding 655,000 share | s at | - | 33,910 |
| December 31, 1998 Additional paid-in capital | | - - | 6,550 19,848,950 |
| | | | (Continued) |

Consolidated Balance Sheets

December 31, 1997 and 1998

| | _ | Predecessor 1997 | Successor 1998 |
|---|------|--------------------------|-------------------|
| Predecessor: | | | |
| Preferred stock, authorized 25,000,000 shares, no par value; issued and outstanding, 235,000 series A shares at December 31, 1997 | \$ | 235,000 | - |
| Common stock, authorized 60,000,000 shares, no par value; issued and outstanding 29,785,768 | | | |
| shares at December 31, 1997 Accumulated deficit | _ | 6,688,107 (7,474,179) | (15,121,205) |
| Total shareholders' equity (deficit) | | (551,072) | 4,927,295 |
| Commitments and contingencies | _ | | |
| Total liabilities and shareholders' equity | \$ _ | 16,110,800 | 39,406,609 |

See accompanying notes to consoldiated financial statements.

Consolidated Statements of Operations

| | | Predec | essor | Successor |
|---|----|------------------------------------|--|--|
| | | Year ended December 31, 1997 | January 1, 1998 to April 28, 1998 | April 29, 1998 to December 31, 1998 |
| Revenue: Local and long distance resell service Facilities based Internet | \$ | 674,729 146,004 182,572 | 1,478,927 119,484 99,854 | 5,739,945 307,622 1,603,876 |
| Total revenue | | 1,003,305 | 1,698,265 | 7,651,443 |
| Cost of revenue | , | 1,047,109 | 1,806,255 | 7,718,383 |
| Gross loss | | (43,804) | (107,990) | (66,940) |
| Operating expenses: Selling, general and administrative Depreciation and amortization | | 2,847,437 567,675 3,415,112 | 1,336,600 479,962 1,816,562 | 6,760,697 2,145,093 8,905,790 |
| Operating loss | • | (3,458,916) | (1,924,552) | (8,972,730) |
| Other income (expense): Interest expense Gain from disposal of subsidiary Other | | (2,154,597) 205,540 (12,812) | (770,998) 175,000 (4,118) | (2,216,471) - 4,586 |
| Total other expense | | (1,961,869) | (600,116) | (2,211,885) |
| Loss before extraordinary item | | (5,420,785) | (2,524,668) | (11,184,615) |
| Extraordinary loss on debt extinguishment | , | | - | (3,936,590) |
| Net loss | | (5,420,785) | (2,524,668) | (15,121,205) |
| Preferred stock dividends | | (32,808) | (5,411) | · |
| Net loss applicable to common stock | \$ | (5,453,593) | (2,530,079) | (15,121,205) |

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity (Deficit)

| | 1995 All Series A preferred Co | \$ 235,000 | Issuance of 10,070,519 snares of common stock Preferred dividends accrued Net loss | 235,000 | acquisition and merger of AMC | of AMC | Balance at April 28, 1998 \$ 235,000 6, | | Balance at April 29, 1998 Issuance of 10,230,000 shares for cash | with debt financing to the connection with debt financing to the connection to the c | uance of 0,430,000 snares in connection with acquisition of AMC | common stock Net loss | Balance at December 31, 1998 |
|-------------|---|---------------|--|---------------|-------------------------------|---------------|---|-----------|---|--|---|-----------------------|------------------------------|
| Predecessor | All classes Additional of Additional Common paid-in stock capital | 1,944,682 | 4,743,425 | 6,688,107 | , | | 6,688,107 | Successor | - 102,300 10,681,200 | 38,750 5,211,250 | 64,500 4,450,500 | (6,000) (494,000) | 199,550 19,848,950 |
| بيا | l Accumulated deficit | - (2,020,586) | (32,808) | - (7,474,179) | - (5,411) | - (2,524,668) | - (10,004,258) | | | - 09 | - 00 | (15,121,205) | (15,121,205) |
| | Total | 159,096 | 4,743,425 (32,808) (5,420,785) | (551,072) | (5,411) | (2,524,668) | (3,081,151) | | 10,783,500 | 5,250,000 | 4,515,000 | (500,000) | 4,927,295 |

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

| | | Predec | Successor | |
|--|------|--|---|--|
| | | Year ended December 31, 1997 | January 1, 1998 to April 28, 1998 | April 29, 1998 to December 31, 1998 |
| Cash flows from operating activities: Net loss Adjustments to reconcile net loss to net cash used in operating activities: | \$ | (5,420,785) | (2,524,668) | (15,121,205) |
| Extraordinary loss on debt extinguishment Depreciation and amortization Amortization of notes payable discount Common stock issued in exchange for services | | 567,675 1,326,803 335,000 | 479,962 - - | 3,936,590 2,145,093 - |
| Deferred revenue Gain from disposal of subsidiary Changes in operating assets and liabilities: | | (205,540) | 173,447 (175,000) | (71,764) |
| Accounts receivable Other receivables Prepaid expense Accounts payable Accrued expenses and other liabilities | | (562,756) (83,977) (119,769) 2,298,806 784,477 | (884,666) 47,405 (90,753) 260,814 1,069,071 | (264,496) 40,798 (358,712) 153,796 402,606 |
| Net cash used in operating activities | | (1,080,066) | (1,644,388) | (9,137,294) |
| Cash flows from investing activities: Purchases of property and equipment Acquisition of franchise license Purchase of AMC, net of cash acquired Purchase of Data Sync, net of cash acquired Purchase of other assets | | (8,510,291) (79,329) - - (206,623) | (827,857) (23,584) - - (1,984) | (3,174,472) - (1,409,426) (886,100) (630,775) |
| Net cash used in investing activities | | (8,796,243) | (853,425) | (6,100,773) |
| Cash flows from financing activities Proceeds from notes payable borrowings Repayment of notes payable Debt issuance cost Proceeds from sale of common stock Redemption of common stock Proceeds from notes payable to former shareholders Repayment of notes payable to former shareholders | | 9,017,944 (2,234,868) 2,137,665 - 1,025,000 | 2,509,043 - (48,508) - - - - | 11,357,000 (62,016) (512,976) 10,783,500 (500,000) - (3,209,500) |
| Net cash provided by financing activities | | 9,945,741 | 2,460,535 | 21,065,508 |
| Net increase (decrease) in cash and cash equivalents | | 69,432 | (37,278) | 5,827,441 |
| Cash and cash equivalents at beginning of period | | 28,722 | 98,154 | 60,876 |
| Cash and cash equivalents at end of period | \$: | 98,154 | 60,876 | 5,888,317 |
| Interest paid | \$. | 2,092,841 | 516,817 | 1,604,959 |
| Non-cash financing and investing activities: Common stock issued in acquisitions Notes issued in acquisition | \$: | 2,270,760 | _ | 4,515,000 6,029,538 |

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

December 31, 1997 and 1998

(1) AMC Acquisition

On April 29, 1998, American MetroComm Corporation, a Louisiana corporation, (AMC or Predecessor) was acquired by SCG Communications, Inc., a Delaware corporation, (SCG) and was immediately merged into SCG. Immediately subsequent to the merger, SCG changed its name to American MetroComm Corporation, a Delaware corporation, (the Company or Successor). SCG acquired 14,059,931 shares of common stock and 235,000 shares of preferred stock (including preferred dividends payable of \$61,244) of AMC in exchange for cash of \$232,687 and notes amounting to \$6,029,538. In addition, SCG exchanged 6,450,000 shares of its common stock for the 15,900,837 shares of AMC common stock held by the Management Shareholders, as defined in the Merger Agreement. The acquisition of AMC has been accounted for under the purchase method of accounting for business combinations and, accordingly, the assets and liabilities of AMC were adjusted to fair market value. The shares issued in exchange for Management Shareholders' common stock were recorded at fair value of \$.70 per share. The total cost of the acquisition, including transaction costs, amounted to \$11,953,964 and consisted of cash of \$1,409,426, notes amounting to \$6,029,538, and common stock valued at \$4,515,000. Goodwill of approximately \$15 million was recorded and is being amortized using the straight-line method over 15 years.

(2) Description of Business and Summary of Significant Accounting Policies

(a) Description of Organization

American MetroComm Corporation (the Company), a Delaware corporation, provides enhanced voice and data services through operating companies across the Gulf South and is a licensed contractor specializing in the telecommunications industry. The Company, through four of its wholly-owned subsidiaries, currently owns telecommunications franchises in New Orleans, Kenner, Gretna, Baton Rouge and Lafayette Louisiana; Mobile and Montgomery Alabama; Ocean Springs, Pascagoula, Gulfport and Biloxi, Mississippi; and Houston, Texas.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of American MetroComm Corporation and its wholly-owned subsidiaries: American MetroComm/New Orleans, Inc. (AMC/NO), American MetroComm/Louisiana, Inc. (AMC/LA), formerly Infohighway Management of Southeast Louisiana, Inc. (IMSEL), American MetroComm Networks Corp. Networks), American MetroComm/Mississippi, Inc. (AMC/MS), MetroComm/Alabama, Inc. (AMC/AL), American MetroComm/Texas, Inc. (AMC/TX), American MetroComm Internet Services Corp. (AMC Internet), American MetroComm Regional Networks Corp. (AMC Regional Networks), American Metroutilities Corporation/Florida, Inc. (AMC/FL), American MetroComm Long Distance Corp. (AMC Long Distance) and its majorityowned subsidiary, Mississippi Fiber Group, Inc. (MFG). The Company also has an additional eighteen wholly-owned subsidiaries, which are inactive and have little or no assets or liabilities at December 31, 1998. All significant intercompany balances and transactions are eliminated in consolidation.

(c) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid investments purchased with remaining maturities of three months or less to be cash equivalents.

Notes to Consolidated Financial Statements

December 31, 1997 and 1998

(d) Property and Equipment

Property and equipment is stated at cost and is or will be depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

| | Years |
|-------------------------------------|---------|
| Telecommunications plant in service | 10 - 15 |
| Telecommunications equipment | 5 - 10 |
| Office equipment | 5 - 7 |
| Furniture and fixtures | 7 |

Routine maintenance and repairs are charged to operating expense while costs of betterments and renewals are capitalized.

(e) Intangible Assets

Intangible assets consist primarily of debt issuance costs, goodwill, subscriber base and the cost incurred in connection with the Company's acquisition of local service telecommunications franchise rights. Goodwill and franchise rights are amortized using the straight-line method over the assets' expected period of benefit, generally 15-25 years. Debt issuance costs are deferred and amortized over the term of the related debt using the interest method. Purchased subscriber base is amortized using the straight line method over 5 years.

(f) Revenue Recognition

The Company recognizes revenue in the month access and usage of its fiber optic network are provided. Amounts billed in advance of the service month are recorded as deferred revenue.

(g) Business and Credit Concentration

Financial instruments which potentially expose the Company to a concentration of credit risk, as defined by SFAS No. 105, Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk, consist primarily of accounts receivable from carrier and commercial customers.

(h) Impairment of Long-Lived Assets

The Company reviews long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Notes to Consolidated Financial Statements

December 31, 1997 and 1998

(i) Income Taxes

The Company accounts for income taxes using the asset and liability method, under which deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(j) Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

(3) Property, Plant and Equipment

The following is a summary of the Company's property, plant and equipment:

| | _ | 1997 | 1998 |
|---|------|------------|------------|
| Telecommunications plant under construction | n | | |
| and assets not yet placed in service | \$ | 5,210,716 | 2,949,404 |
| Telecommunications plant in service | ! | 3,154,895 | 3,363,190 |
| Telecommunications equipment | | 2,397,059 | 8,184,453 |
| Furniture, fixtures and office equipment | _ | 252,063 | 599,118 |
| | | 11,014,733 | 15,096,165 |
| Less accumulated depreciation | _ | (252,979) | (963,430) |
| | \$ _ | 10,761,754 | 14,132,735 |

Notes to Consolidated Financial Statements

December 31, 1997 and 1998

(4) Intangible Assets

Intangible assets consist of the following:

| | 1997 | 1998 |
|---|-----------|------------|
| Debt issuance costs, net of accumulated amortization of \$223,468 and \$669,550 in | | |
| 1997 and 1998, respectively \$ | 2,011,400 | 2,343,426 |
| Goodwill, net of accumulated amortization of \$81,517 and \$836,174 in 1997 and 1998, | | |
| respectively | 1,927,812 | 16,076,066 |
| Subscription base, net of accumulated amortization of \$104,152 in 1998 Franchise licenses, net of accumulated amortization of \$21,515 and \$33,875 in | - | 788,580 |
| 1997 and 1998, respectively | 206,768 | 217,992 |
| \$ __ | 4,145,980 | 19,426,064 |

(5) Other Acquisitions

In May 1997, AMC exchanged 3,697,454 of its common shares for all of the outstanding stock of AMC/NO held by minority interests and 102,888 of AMC's common shares for all of the outstanding stock of IMSEL held by minority interests. The shares issued were valued at approximately \$1,900,000. These acquisitions were accounted for under the purchase method of accounting and AMC recorded approximately \$1,715,000 of goodwill.

In August 1997, AMC issued 741,177 shares in exchange for 100% of the membership units of CommNet Data Systems, L.L.C. (CommNet), which was accounted for under the purchase method of accounting. Accordingly, the accompanying consolidated financial statements include the results of operations of CommNet from the date of acquisition. The total purchase price of approximately \$385,000 in common stock and acquisition costs was allocated \$81,000 to property and equipment and \$304,000 to goodwill. CommNet was then merged into AMC Internet.

In May 1998, AMC Internet paid \$886,100 for 100% of the outstanding shares of common stock of DataSync, Inc. (DataSync), which was accounted for under the purchase method of accounting. Accordingly, the accompanying consolidated financial statements include the results of operations of DataSync from the date of acquisition. The purchase price was allocated to the assets acquired and the liabilities assumed based upon estimated fair value. DataSync was then merged into AMC Internet.

Notes to Consolidated Financial Statements

December 31, 1997 and 1998

(6) Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consist of the following:

| | 1997 | 1998 |
|--------------------------------|-------------|-------------|
| Accrued expenses | \$ 106,730 | 0 1,271,831 |
| Accrued interest and loan fees | 291,534 | 4 604,063 |
| Other liabilities | - - | 631,929 |
| Amount due on contract | 842,917 | 7 - |
| Preferred dividends payable | 55,833 | - |
| Deferred revenue | 178,546 | 444,823 |
| | \$1,475,560 | 2,952,646 |

(7) Obligations to Shareholders

Obligations payable to shareholders consist of the following:

| | _ | 1997 | <u>1998</u> |
|---|-----|----------------------|-------------|
| Obligations payable to LeveeComm members Notes payable to shareholders | | 594,500 2,790,000 | <u>-</u> |
| | \$_ | 3,384,500 | _ |

LeveeComm of Louisiana, L.L.C. (LeveeComm), a former majority-owned subsidiary of AMC, was indebted to certain of its members in the principal amount of \$594,500 at December 31, 1997. The obligations provided for interest at 15% and were due on demand. LeveeComm did not make any interest payments with respect to these obligations. Subsequent to the disposal of its interest in LeveeComm in February 1997, AMC offered to pay the principal amounts due to the LeveeComm members in the amount of \$594,500, in exchange for the execution by its members of certain releases of claims against AMC. AMC did not offer to pay the accrued interest payable to the LeveeComm members. AMC paid or escrowed the \$594,500 principal amount in 1998. Certain LeveeComm members did not agree to release claims against AMC and as a result, \$175,000 was released from escrow and returned to the Company. AMC recorded a gain of approximately \$205,000 and \$175,000 in 1997 and 1998, respectively, from the disposal of its interest in LeveeComm.

AMC was indebted to certain shareholders in the amount of \$2,790,000 at December 31, 1997. This indebtedness was issued in conjunction with a negotiated private offering to several investors dated September 27, 1996, whereby each investor would loan AMC funds at an interest rate of ten percent, secured by a first priority security interest in a 4.34 mile initial telecommunications facility owned by AMC/NO. These loans would become due at the earliest date of (1) the closing of the first sale of a cumulative total of more than \$10,000,000 in equity or equity-linked securities of AMC; or (2) October 4, 1997. In addition, AMC agreed to issue one share of common stock for each one dollar loaned (valued at \$.50 per share), and a warrant to purchase common stock for each dollar loaned exercisable at \$.65 per share through October 4, 1999. The obligation in the amount of \$2,790,000 was paid in connection with the acquisition in April 1998.

(Continued)

Notes to Consolidated Financial Statements

December 31, 1997 and 1998

(8) Notes Payable

Notes payable consists of the following:

| | - | 1997 | 1998 |
|--|----|--------------|-------------|
| Revolving note payable to investment banking firm, due April 29, 2001, interest at 9.5% at | | | |
| December 31, 1998 | \$ | - | 6,941,353 |
| Note payable to investment banking firm | | - | 10,000,000 |
| Note payable to investment banking firm | | - | 5,000,000 |
| Note payable to former shareholders | | - | 6,029,538 |
| Various capital leases and notes payable | | - | 255,617 |
| Revolving note payable to finance company | | 7,767,944 | - |
| Note payable to finance company for facility fee | _ | 1,250,000 | |
| | | 9,017,944 | 28,226,508 |
| Less current portion of notes payable | _ | (9,017,944) | (1,412,462) |
| | \$ | - | 26,814,046 |

In 1998, AMC/NO, AMC Networks and AMC Internet (the Borrowers) entered into a financing agreement with an investment banking firm which provides for three facilities. Borrowings under the three facilities are secured by substantially all of the assets of the Borrowers.

The first facility is a revolving credit facility with maximum borrowings of \$30,000,000, an interest rate of 1% above the prime rate charged by Chase Manhattan Bank and a term of three years. The interest is payable monthly and can be charged to the loan. In addition to monthly interest charges, the loan agreement provides for an annual fee of .5% of the maximum revolving amount of \$30,000,000, a service fee of \$5,000 per month, and a monthly unused line fee based upon an annual rate of 0.5% of the average unused portion of the maximum revolving amount of \$30,000,000. The loan agreement further provided for the issuance of letters of credit or guarantees of payment amounting to a maximum of the lesser of \$5,000,000 or the amount available under the revolving loan. The fee for issuing letters of credit or payment guarantees amounts to an annual rate of 5% of the aggregate undrawn amount of all outstanding letters of credit or payment guarantees. The loan agreement also contains certain restrictive covenants, which, among other things, limits the Company's ability to incur additional indebtedness, consummate acquisitions or dispositions of assets, and pay dividends. The Company failed to meet certain of its financial covenants in 1998, and as a result, was in default of the loan agreement.

The financing agreement was amended on October 30, 1998 to render the financial covenants in the original agreement null and void until such time as new financial covenants can be determined. As a result of this amendment, the revolving facility is no longer in default. The amendment further provides that only an additional \$3,000,000 would be available over and above the balance of the revolving note as of October 30, 1998 which was \$5,288,247. Upon the determination of the new financial covenants, the maximum borrowings under the original revolving loan would become available again. At December 31, 1998, approximately \$1,347,000 of borrowings are available under the revolving credit facility.

Notes to Consolidated Financial Statements

December 31, 1997 and 1998

The second facility is a term loan in the amount of \$10,000,000 bearing interest at 13.5%. The term loan provides for principal payments to be made beginning May 1, 1999 in the amount of \$166,667 per month through March 1, 2001. The remaining principal balance matures on April 29, 2001. Interest is payable monthly and can be charged to the revolving facility.

The third facility is a convertible term loan in the amount of \$5,000,000 bearing interest at 12.5%. Interest is also due monthly and can be charged to the revolving facility. The convertible term loan is due April 29, 2001. The convertible feature ended on October 30, 1998. In addition, the financing agreement provides for a closing fee of \$2,500,000. The financing agreement also allows for early termination by the Company or the Borrowers anytime after April 29, 2000 by paying the outstanding balance of the revolving note, the term note and the convertible term note plus the early termination premium. The early termination premium amounts to \$1,750,000 plus the greater of the interest paid on account of advances and letter of credit fees paid during the six months prior to the date of early termination and \$300,000 plus an amount equal to 5% of the principal balance of the convertible term loan. The investment banking firm was issued 2,500,000 shares of the Company's common stock in payment of the closing fee, which was valued at \$2.5 million. The closing fee was capitalized as debt issuance costs and is being amortized over the three year term of the agreement.

Prior to entering into the financing agreement described above, the Borrowers jointly entered into a revolving loan agreement with a finance company on July 15, 1997. The loan agreement provided for a term of five years and maximum borrowings of \$10,000,000. The agreement called for an initial interest rate of 12% until certain conditions were met by AMC, at which time the interest rate would become 1.875 points above the prime rate charged by Norwest Bank Minnesota, National Association. The interest was payable monthly and was charged to the loan. In addition to monthly interest charges, the loan agreement provided for a closing fee of \$100,000, an annual fee of .5% of the maximum revolving amount of \$10,000,000, a service fee of \$5,000 per month, a monthly unused line fee based upon an annual rate of 1% of the average unused portion of the maximum revolving amount of \$10,000,000, and a facility fee of \$1,250,000. In addition, the finance company was issued a warrant to acquire 1,865,671 shares of the Company's common stock at \$0.67 per share.

The revolving loan agreement further provided for the issuance of letters of credit or guarantees of payment amounting to a maximum of the lesser of \$3,000,000 or the amount available under the revolving loan. The fee for issuing letters of credit or payment guarantees amounted to an annual rate of 5% of the aggregate undrawn amount of all outstanding letters of credit or payment guarantees. The loan agreement also provided for the financing of the \$1,250,000 facility fee mentioned above under a separate loan. The facility fee was payable upon the termination of the revolving note and called for an interest rate of 15%. The interest was payable monthly and was charged to the revolving note.

The revolving loan agreement allowed for early termination by AMC or the Borrowers by paying the outstanding balance of the revolving note, an amount equal to 105% of the undrawn letters of credit, the facility fee and an early termination premium amounting to the greater of the interest and letter of credit fees incurred during the immediately preceding six months or \$1,500,000.

Borrowings under the revolving loan agreement were secured by substantially all of the assets of the Borrowers. The loan agreement also contained certain restrictive covenants which, among other things, limited AMC's ability to incur additional indebtedness, consummate acquisitions or dispositions of assets, and pay dividends. In addition, AMC and the Borrowers were required to

Notes to Consolidated Financial Statements

December 31, 1997 and 1998

receive a minimum aggregate amount of qualifying debt/equity, as defined in the agreement, amounting to \$4,500,000 by October 15, 1997 and \$10,500,000 by December 31, 1997. The Company failed to receive the minimum aggregate amount of qualifying debt/equity required and as a result, was in default of the loan agreement. The entire obligation to the finance company was classified as current in the accompanying consolidated balance sheet at December 31, 1997. This revolving facility was purchased by the investment banking firm mentioned above in February 1998. As a result of this purchase, the loan for the facility fee was reduced to \$625,000. This loan agreement was replaced by the agreement entered into on April 29, 1998 mentioned above. Unamortized debt issuance costs of approximately \$1,187,000 were recorded as an extraordinary loss on debt extinguishment.

As previously mentioned, the Company issued notes in the amount of \$6,029,538 in connection with the purchase of the outstanding stock of AMC from non-Management Shareholders. The note agreements provide for interest at a rate of 8.5% payable April 29, 1999 and October 29, 1999. The principal and any unpaid interest will be due April 29, 2000. The note agreements further provide for a convertible feature to be effective on or after April 29, 1999, whereby the notes will be convertible into common stock at a per share value equal to the most recent cash sale, not to exceed \$2.75 per share.

Scheduled maturities of notes payable are as follows:

| 1999 | | \$ 1,412,462 |
|------|---|-----------------|
| 2000 | | 8,102,211 |
| 2001 | • | 18,667,658 |
| 2002 | | 44,177 |

(9) Income Taxes

The Company has not recorded a provision for income taxes as a result of operating losses incurred from inception. The Company filed a consolidated income tax return for 1997 and 1998. The only company not included in the consolidated group was MFG.

LeveeComm is organized as a Limited Liability Company and was treated as a partnership for federal and state income tax purposes. Losses of LeveeComm were attributed directly to its members. AMC recognized its share of the LeveeComm losses up until the time it disposed its interest in LeveeComm.

The Company has net operating loss carryforwards for income tax purposes at December 31, 1998, as follows:

| Net operating loss carryforward expiring December 31, 2011 | \$ 7,640 |
|--|-------------|
| Net operating loss carryforward expiring December 31, 2012 | 3,447,864 |
| Net operating loss carryforward expiring December 31, 2018 | 17,188,091 |

Notes to Consolidated Financial Statements

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As a result of the April 29, 1998 business combination, the Company's annual utilization of its net operating loss carryforwards generated prior to the business combination is limited under Internal Revenue Code Section 382. Such annual limitation is estimated to be approximately \$650,000.

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate to loss before income taxes as follows:

| | 1997 | January 1, 1998 to April 28, 1998 | April 29, 1998 to December 31, 1998 |
|--|-------------------|---|--|
| Statutory federal income tax at 35% | \$ (1,897,307) | (883,634) | (5,222,188) |
| State income tax, net of federal benefit | (140,943) | (65,641) | (305,226) |
| Non-deductible amortization of loan discount | 382,619 | - | · · · |
| Gain from disposal of subsidiary | (71,939) | (63,350) | - |
| Amortization of goodwill | 26,548 | 30,381 | 109,891 |
| Valuation allowance | 1,697,815 | 976,729 | 5,396,411 |
| Other, net | 3,207 | 5,515 | 21,112 |
| Income tax expense | \$ - | • | - |

Significant components of the Company's deferred tax assets and liabilities for federal and state income taxes are as follows:

| | | 1997 | 1998 |
|--|---------|-------------|-------------|
| Deferred tax assets: | - | | |
| Accruals not currently deductible | \$ | 78,921 | 100,439 |
| Start-up costs | | 492,927 | 423,418 |
| Deferred revenue | | 201,540 | 236,544 |
| Net operating loss carryforwards | | 1,347,647 | 7,432,231 |
| Other | <u></u> | 15,756 | 60,879 |
| Total deferred tax assets | | 2,136,791 | 8,253,511 |
| Less valuation allowance | | (2,028,785) | (8,092,780) |
| Deferred tax asset | | 108,006 | 160,731 |
| Deferred tax liability - property, plant and equipment | | 108,006 | 160,731 |
| Total net deferred tax asset | \$ | _ | _ |

The Company has not recognized any income tax benefit for any of the periods presented due to management's conclusion that a 100% valuation allowance for the net deferred tax asset is warranted.

Notes to Consolidated Financial Statements

December 31, 1997 and 1998

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company considered the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

(10) Shareholders' Equity

The Company is authorized by its Articles of Incorporation to issue 100,000,000 shares of common stock, par value \$.01 per share. The common stock is divided into the following Series: 24,000,000 shares (Series A), 9,000,000 shares (Series B), 7,000,000 shares (Series C), and 60,000,000 shares (Series D).

On April 29, 1998, pursuant to a merger agreement between the Company and AMC, there was an exchange of 6,450,000 shares of Series C common stock for all of the outstanding shares of common stock held by the Management Shareholders of AMC in connection with its acquisition. Also on April 29, 1998, the Company sold 2,500,000 shares of Series B common stock at \$1.00 per share to an investment banking firm.

The board of directors authorized the sale of up to 2,200,000 shares of Series D common stock at a price of \$1.35 per share in conjunction with a Private Offering Memorandum (POM) dated June 29, 1998. As of the closing of this POM on July 13, 1998, AMC had sold 580,000 shares of common stock pursuant to this offering raising an aggregate of \$783,500.

On October 30, 1998, the board of directors authorized the sale of 2,500,000 shares of Series A common stock at \$2.00 per share. In addition, the Company redeemed 600,000 shares of Series C common stock from the Management Shareholders in exchange for the forgiveness of \$500,000 of notes due from the Management Shareholders. As mentioned in note 7, the investment banking firm amended its convertible note payable from the Company to eliminate the convertible feature and received, in return, an additional 1,375,000 shares of common stock of the Company. The shares issued to the investment banking firm were valued at \$2,750,000 and were recorded as an extraordinary loss on debt extinguishment.

Prior to the acquisition of AMC, the Articles of Incorporation authorized AMC to issue 25,000,000 shares of Series A, no par value preferred stock. The AMC board of directors was authorized to fix the dividend terms, conversion right, redemption rights and other privileges and restrictions applicable to the stock.

The first series of AMC preferred stock was designated the 1995 Series A Preferred Stock and consisted of no more than 500,000 shares. The 1995 Series A Preferred Stock was entitled to receive dividends cumulatively at 14% per annum on a principal basis of \$1 per preferred share, was non-voting except with respect to certain matters affecting the rights of preferred shareholders, was convertible into two (2) common shares for each preferred share converted on or prior to June 30, 1999 and was redeemable by the Company anytime after June 30, 1999 on the basis of \$3 per preferred share plus accrued dividends. For the year ended December 31, 1997, AMC accrued \$32,808 of dividends on the Series A Preferred Stock.

Notes to Consolidated Financial Statements

December 31, 1997 and 1998

AMC was authorized by its Articles of Incorporation to issue 60,000,000 shares of common stock. No dividends were to be paid with respect to the common shares until all cumulative preferred dividends have been paid or funds have been set aside for such purpose.

AMC's board of directors authorized the sale of up to 5,700,000 shares of AMC's common stock at a price of \$.50 per share in conjunction with a Private Offering Memorandum (POM) dated August 20, 1996. As of the closing of this POM on December 13, 1996, AMC had sold 2,640,000 shares of common stock pursuant to this offering raising an aggregate of \$1,320,000. AMC also issued to the purchasers of the shares under the POM, for no consideration, warrants to purchase an additional 2,640,000 shares exercisable at \$.65 per share through October 4, 1999 (referred to as Series A Warrants).

In addition to the POM dated August 20, 1996, AMC issued a series of Negotiated Private Offerings (NPO) on September 27, 1996 and March 5, 1997 and another Private Offering Memorandum dated May 28, 1997. Under these arrangements, shareholders were allowed to invest in an equity or debt alternative. Under the debt alternative, the shareholders received a promissory note for the amount loaned plus one share of stock and one warrant for each dollar loaned. Under the equity alternative, the shareholder received two shares of stock and two warrants for every dollar invested. The warrants, which were collectively referred to as the series B, C, D and E warrants, were exercisable anytime at \$.65 per share through October 4, 1999. AMC received \$2,790,000 from the debt alternative and \$1,070,000 from the equity alternative offerings in exchange for promissory notes in the amount of \$2,790,000, 4,930,000 shares of common stock and 4,930,000 warrants.

(11) Commitments and Contingencies

The Company leased its office space on a month-to-month basis for a monthly rental of \$1,100 through January 1997. Beginning in February 1997, the Company began leasing its office space in New Orleans under a five-year lease agreement. The lease agreement provided for a monthly rental of approximately \$4,100 through June 1997 when it increased to \$9,800 per month.

Beginning in February 1997, the Company began subleasing its network operations center in New Orleans from a major corporation. In lieu of a rental payment, the Company provided the sublessor on net telecommunication services valued at \$1,510 per month. The services provided in excess of \$1,510 per month will be charged to the sublessor based upon specific rates. In addition, the Company is to pay the sublessor the incremental costs of capacity. These incremental costs may be offset against amounts due the Company for telecommunication services provided.

AMC Networks is party to several riser rental agreements with various buildings along the route of the telecommunications facility. The riser agreements have terms for five years with an aggregate monthly rent of \$2,400.

The Company is also party to various office rental agreements through several of its wholly-owned subsidiaries. The terms of these rental agreements are for one to three years. The monthly rentals for these agreements amount to \$3,352.

Notes to Consolidated Financial Statements

December 31, 1997 and 1998

The aggregate rents for each of the next five years and thereafter are as follow:

| 1999 | \$ 211,500 |
|------|---------------|
| 2000 | 238,300 |
| 2001 | 76,200 |
| 2002 | 42,800 |

The Company is the subject of various litigation and claims arising in the ordinary course of business. A suit has been filed against the Management Shareholders by certain members of LeveeComm. The Management Shareholders, pursuant to the Agreement and Plan of Merger, has made a demand upon the Company for defense and indemnification in this matter. This litigation is very preliminary and management cannot determine the outcome at this time. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operations, or liquidity.

(12) Related Party Transactions

The management of AMC was primarily conducted by three shareholders that collectively owned a controlling interest up until its acquisition on April 29, 1998. AMC had paid these shareholders consulting and management fees amounting to \$465,000 for the year ended December 31, 1997. AMC advanced \$125,000 to the three managing shareholders during 1997, and the Company advanced an additional \$375,000 to the three managing shareholders in 1998.

(13) Subsequent Events

In April 1999, the Company entered into a financing agreement with Cisco Systems Capital Corporation (Cisco) for a facility of \$62,500,000. The facility consists of two tranches and the first tranche provides for maximum borrowings of \$50,000,000 and is to be used to finance the purchase of Cisco equipment only. Tranche 1 also provides for interest at three month libor plus 5.75% and is payable monthly. Principal repayments will commence February 2000 and will be paid in monthly installments in the amounts necessary for sixty-percent of the total principal drawn be repaid by August 6, 2001. Furthermore, the monthly principal payments from September 6, 2001 through April 6, 2002 must be paid in amounts necessary for eighty percent of the total principal drawn to be repaid. The remaining principal as of April 6, 2002 will be repaid in twelve equal monthly payments through April 6, 2003. No principal draws will be available after April 6, 2001.

The second tranche provides for maximum borrowings of \$12,500,000 and is to be used to fund soft costs associated with the integration and operation of Cisco solutions and peripherals. Draws under tranche 2 cannot exceed a one to four ratio against tranche 1 draws. Tranche 2 further provides for interest at a rate of three month libor plus 7.75%, payable monthly. Principal repayments will commence in May 1999 and will be made in monthly installments through April 6, 2002.

The Cisco facility also provides for a closing fee to be paid in the amount of one percent of the maximum borrowing amounts or \$625,000 which can be added to the loan. This facility further provides for a commitment fee to be paid each month based upon an annual fee of .5 percent on the unused facility amount and the payment of a facility fee in the amount of \$10,000 per month. The closing fee will be capitalized in the financial statements and amortized over the term of the facility.

Notes to Consolidated Financial Statements

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As part of the Company's sub-lease agreement for its network operations center, the Company has provided the sub-lessor with a network switch in April 1999. The sub-lease also provides that at the time the switch is made available, the Company will begin to pay for the sub-leased space and will also charge the sub-lessor for the value of the telecommunication services rendered. In addition, once title to the switch passes to the sub-lessor, it will provide the Company with title to generator equipment to power the Company's equipment in an emergency. The Company will be leasing the network switch from an equipment vendor. The lease provides for monthly lease payments of \$10,711 for sixty months at which time the Company has the option to purchase the equipment at its then fair market value. The Company will not be able to pass title on the switch until the lease has been paid.

EXHIBIT 5

American MetroComm Long Distance Corp.

TECHNICAL AND MANAGERIAL QUALIFICATIONS

American MetroComm Long Distance Corp.

Profiles of Key Personnel

Michael Henry, Chief Executive Officer

Prior to joining American MetroComm Long Distance, Inc., Michael Henry was the founder of Megsinet-CLEC, Inc. in 1995 and held the position of President and CEO. He was worked as a COBOL programmer, CICS programmer and moved into the field of installing and configuring sophisticated hardware for long distance aggregators. He has also installed wide area and local area networks, and integrating these systems into telephone environments for various telephone providers and users for over 15 years. In addition to being featured in such publications as *Crain's Chicago Business*, Mr. Henry has also been listed as an honored professional in the *National Register's Who's Who* in Executives and Professionals. He is a Certified Novel Engineer with a BA from Western Michigan University in electronic data processing and a minor in accounting, general business, and communications.

James Michael Gordon, President

Michael Gordon is the President of American MetroComm Long Distance, Inc.. Before joining, he has amassed sixteen years experience in the Telecommunications industry in various positions, such as, the Director of Western Region Sales for Fibex/Cisco Corporation, Director of Sales Western Region of Premisys, Central Regional Sales Manager of Carrier Access Corporation, Sales/Director of NEXTLINK, Regional Sales Manager of Cortelco International, Director of Sales and Marketing for Spirit Enterprises, and Sales Representatives for both ATS Telephone and Data Systems and IBM Corp. Mr. Gordon holds a Business Management degree from University of Mississippi at Oxford, and a Masters Degree in Management from Christian Brothers University in Memphis.

American MetroComm Long Distance Corp.

Profiles of Key Personnel, (Cont'd.)

Dennis E. Kelly, Vice President / Secretary

Dennis Kelly is a practicing Attorney and Consultant in New Orleans, LA, focusing on the telecommunications industry. He serves as Legal Advisor to the Consulate General of Japan, New Orleans and Corporate Counsel to LeveeComm of Louisiana, LLC, American MetroComm of New Orleans, Inc. and Infohighway Management of Southeast Louisiana, Inc., startup companies formed to deploy fiber optic networks in Orleans and Jefferson Parish, LA. Prior to establishing his own practice, Mr. Kelly was founding Director of Feingerts & Kelly, PLC in New Orleans with principal areas of practice in commercial, electric utility, municipal finance, telecommunications technology and Federal, State and local administrative and legislative aw matters. He served as lead public finance counsel and Federal legislative counsel to New Orleans Public Service Inc. in opposing City of new Orleans buy-out of electric utility (1986-1990). Mr. Kelly holds a BS in Economics from Mississippi State University, and a Masters in Business Administration from Harvard University.

Charles W. Stewart, Vice President / Treasurer

Mr. Stewart is currently employed by American MetroComm Long Distance, Inc. as its Senior Vice President of Finance and has been since August 1997. In this position, Mr. Stewart has been responsible for cash flow management, all financial reporting requirements, financial forecasting, budgeting and financial controls. Prior to this position Mr. Stewart performed many of the same services for American MetroComm as an outside independent service provider, through the CPA firm of Pool Stewart, LLC. Mr. Stewart's firm specialized in providing business consulting and out sources accounting and tax services. Here he functioned as the Chief Financial Officer. Prior to establishing his own firm, he was employed for eleven years by KPMG Peat Marwick, an international accounting firm. Mr. Stewart received a Master of Business Administration degree and a Bachelor of Arts degree in Economics from Tulane University.

American MetroComm Long Distance Corp.

Profiles of Key Personnel, (Cont'd.)

Penya M. Fields, Assistant Secretary

Penya Fields has been Associate Counsel at American MetroComm Long Distance, Inc. since January 1997. Here she concentrates on legal and regulatory matters, serves as liaison between outside legal counsel and American MetroComm and creates and reviews contracts. She has performed work in the Human Resources area, and supervised the Corporate Office administrative staff.

Prior to joining American MetroComm, Ms. Fields was a Law Clerk with the Supreme Court of Louisiana, the Internal Revenue Service, Murphy Oil, 24th Judicial District Attorney's Office, and the Law offices of McAlpine, Peuler, Cozad & Davie. Mr. Fields holds a Bachelor of Science in Accounting from Grambling State University, a Juris Doctorate from Loyola School of Law, and a LL.M. in Taxation from Villanova School of Law.

David C. Joseph, Assistant Secretary

Prior to joining American MetroComm, Mr. Joseph was employed as the Office Manager of a condominium complex in Aspen, CO, an Assistant Restaurant Manager, and worked in Guest Relations for a condominium complex. He holds a Masters of Business Administration degree from the University of New Orleans and a Bachelor of Arts in Political Science from the University of Georgia.

EXHIBIT 6

American MetroComm Long Distance Corp.

CURRENTLY APPROVED STATE LISTING

American Metro is certified to provide local service in Alabama, Florida, Louisiana, Mississippi and Texas.